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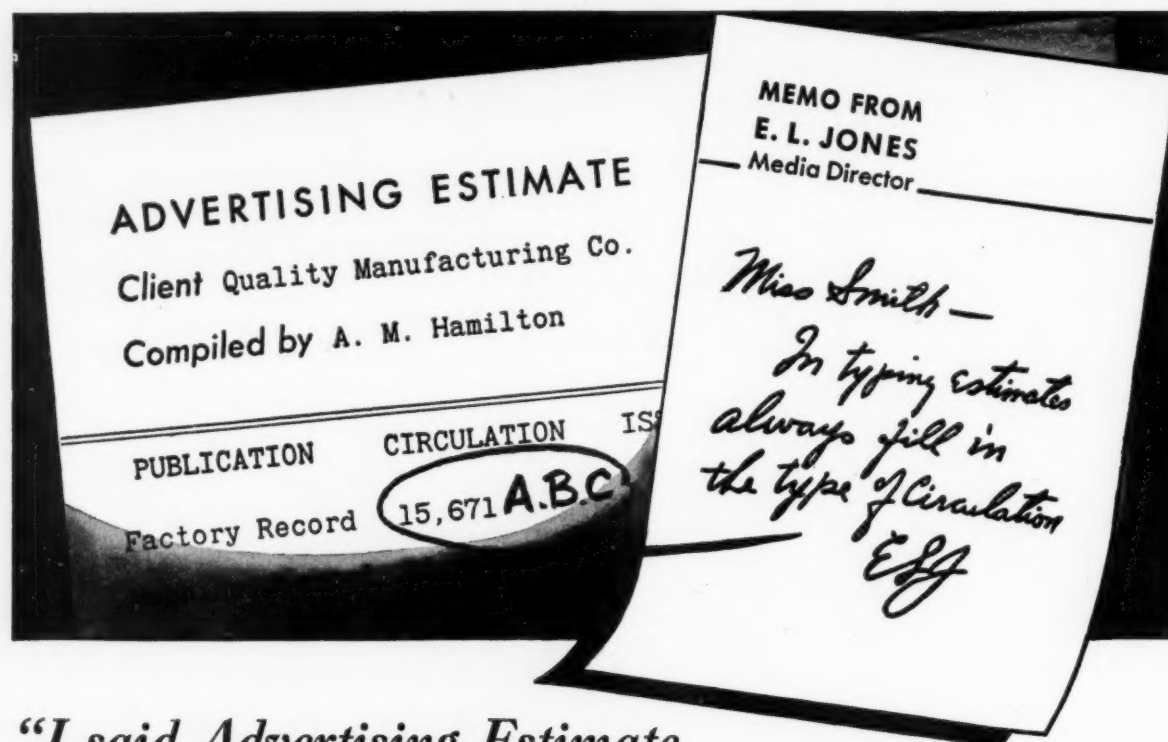
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THURSDAY, SEPTEMBER 10, 1942



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The NATIONAL UNDERWRITER

Forty-sixth Year—No. 37

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, SEPTEMBER 10, 1942 \$4.00 Year, 20 Cents a Copy

Assails Companies for Silence Under Attack

W. H. Bennett Deplores
"Hush-Hush" Traditions
in Michigan Talk

Failure of the insurance companies to answer attacks and implications of shortcomings in recent months is astounding and peculiar, Walter H. Bennett, counsel of the National Association of Insurance Agents, charged in his talk before the Michigan association convention last week at Mackinac Island.

When the federal inquiry was announced in Washington, he said, there was not a word from anyone in authority in the business as to whether or not the fire companies were guilty of the charges brought against them. When the inquiry was announced, a newspaper man went to the assistant manager of the Insurance Executive Association and asked him if the association had anything to say.

"Certainly not," he replied.

Public Relations Are Nil

That is queer, Mr. Bennett said. Here was the greatest opportunity of the companies to justify their position and practices. It was passed up. Public relations? There are none there, Mr. Bennett asserted.

There is no industry, no business, that has such an intriguing, human interest story to tell. But there is no one to tell it. The executives now running the companies were brought up in the hush-hush school, he said.

The public is not unfair. It would like to have the truth. Standard Oil of New Jersey didn't say, "Certainly not." The utilities, attacked frequently in recent years, have not remained silent under attack. There is no other business that has had so little to say in defense of itself as insurance. When the fire companies are attacked, there is a great silence. When Jesse Jones of the Reconstruction Finance Company issued his \$100,000,000 policy against war damage in the form of a public announcement, the companies were asked why they weren't going to offer that protection. Their reply was that they were not interested. This went out over the United States, and was the most unfortunate piece of publicity the companies ever got, Mr. Bennett said.

Agents Also Under Attack

The agency system also is under attack, Mr. Bennett said. A small but powerful group in Washington has under way quietly a process of eliminating the agent from the picture. The adviser plan used on cost-plus-a-fixed-fee contracts is an example. Here the agent disappears and becomes an "adviser."

"Were the companies there, guarding
(CONTINUED ON PAGE 17)

Valuations Are Biggest Problem in Acting for WSA

By ROBERT B. MITCHELL

NEW YORK—Because of the War Shipping Administration's limitation of cargo war risk recovery to actual pecuniary loss, questions involving basis of valuation are the most numerous and important of the problems that currently plague marine underwriters in their roles as underwriting agents for WSA open policies. Running a close second are queries as to whether WSA coverage would apply in certain borderline circumstances.

These problems are intensified because ocean marine insurance has traditionally operated on a basis of mutual good faith and tailor-made contracts with special endorsements to take care of any type of special situation, the result being to give the customer full coverage on just about anything he wanted and was willing to pay for. In return for the much lower rates offered by the WSA the insured must conform with the necessarily more rigid insurance structure of the government and sometimes take his chances on whether or not he is covered for some particular type of contingency.

No Criticism of WSA

This condition implies no criticism of the government or of the WSA insurance staff, most of whom are experts who have been drawn from the insurance business itself. If the WSA were to undertake to make all the deviations from standard procedure that the commercial market can make it might run the risk of exceeding its legal authority and even if it did not it might later be accused of flinging the taxpayers' money around.

The condition, however, frequently results in a dilemma for the insured, for the broker, and for the underwriting agent handling the line. If an insured wants to know whether he is covered by his WSA policy in spite of some particular circumstances which give rise to a doubt, the WSA in many cases can only in effect tell him to read his policy and decide for himself whether he is covered or not.

A commercial underwriter would take care of this situation by issuing a special endorsement or a letter to be attached to the policy making it perfectly clear that the liability in question was covered. However, where the rate differential between the WSA and the commercial market is substantial the insured, for competitive reasons, cannot afford to buy his war risk coverage from the private underwriters. He can only hope that his WSA policy covers him and that in the event of a disputed loss the courts will decide in his favor.

Tough Spot for Company

This is a tough spot for the underwriter, who may have enjoyed a long period of cordial business relations with the insured. The insured naturally wants sound advice in such cases and the underwriter has to be extremely wary of what he says, for he is not in a position to commit the government to any course of action.

Where the question is of sufficient importance the proper course is to refer it to the advisory underwriting commit-

tee of the American Institute of Marine Underwriters appointed to handle matters in connection with the activities of its members as WSA underwriting agents. This committee is identical in personnel with the rating committee of the American Cargo War Risk Reinsurance Exchange. In referring questions to this committee the underwriting agent sometimes suggests an answer.

If the advisory committee considers the question to be worth passing along to Washington it does so, usually suggesting an answer. The Washington office of WSA then transmits its decision to the committee which in turn passes it along to the underwriting agent which communicates it to the insured. In many cases the WSA comes back with a clear cut answer one way or the other. However, in some types of cases it does not come out definitely.

VALUES A PROBLEM

Questions of valuation are particularly important to insured because the WSA policy covers only bona fide pecuniary loss and while the principal elements in a pecuniary loss are obvious there are others which are not so clear. For example, can brokerage fees be regarded as out of pocket expense?

A big reason why the valuation question is so important is that the insured can and usually does insure his hoped-for profit on the goods by coverage in the commercial market. He must know how much the WSA is covering in order to determine what insurance to purchase in the private market. Ordinarily the companies limit the amount insured as profit to 15 percent of the WSA value but any insured who feels there are special reasons can almost always obtain from the underwriters any percentage within reason. For example, if an importer had entered into a contract six months ago and the price since that time has risen so sharply that 15 percent would fall far short of representing his presumable profit that would be considered an adequate reason.

Caution on General Average

Incidentally there is a technical angle to the WSA coverage which insured may overlook. The WSA policy covers the invoice value, transportation charges, etc., plus a percentage but since the importer can collect only his bona fide pecuniary loss he is likely to specify "nil" percent or perhaps 1 or 2 percent at the most.

But suppose there is a partial loss due to war causes. The principle of general average under the "Gulflight" decision of the U. S. Supreme Court would force the insured to contribute to the loss, despite his WSA coverage, if the sound landed market value of the goods exceeded the coverage under the WSA policy. For example, the WSA value on a certain shipment is \$25,000, representing invoice, transportation, etc., but no extra percentage. There is a partial loss. The vessel limps into port. The insured's shipment is not damaged and by the time it is landed its sound market value has increased to \$30,000. The insured auto-

(CONTINUED ON PAGE 24)

WDC July Premiums Totaled \$106,000,000

Policies Issued Number
3,500,000—Coverage
Is \$80,000,000,000

Premiums collected by the fiduciary agents for War Damage Corporation during July totalled \$106,000,000 and the number of policies issued was 3,500,000, according to a report given by Secretary of Commerce Jesse Jones, who is also chairman of W.D.C. The face amount of liability is about \$80,000,000,000, he stated.

The figure is pretty close to what had been estimated by those in the insurance business who have been following developments closely. The sales exceeded the expectations of the insurance group that helped to set up the program. They were guessing that the entire premium written would be about \$100 million. The sales continued at a substantial rate during August and it would not be surprising if the August total amounted to perhaps \$40,000,000.

The war damage departments of the fiduciary agents are continuing to write business. As a matter of fact there has been quite an increase lately in the number of large policies purchased. That apparently means that some of the corporations waited to take action until a regular meeting of the board of directors could be held and that such meetings are now taking place in rather large numbers. The influence of mortgagees is seen in a majority of the policies that are being purchased these days, even by the larger assured.

Mr. Jones stated that the largest policies issued were those for American Telephone & Telegraph Company and United States Steel Corporation. Each purchased more than 1 1/4 billions of coverage. Mr. Jones stated that the heaviest purchases were on the east and west coast and in the Detroit industrial area.

Oil Pool to Insure Synthetic Rubber Plants

It is understood that the synthetic rubber plants, now being projected, will be insured through the Oil Insurance Association. The operations involved are very closely related to those of the oil business and it is believed that the engineering and inspection facilities of the Oil Association are more closely adapted to those undertakings than are the services of the factory associations or the factory mutual companies. There are some unusual hazards involved, particularly in connection with pressure tanks. The synthetic rubber program is still uncertain, but it is quite likely to develop into an enormous project.

Careful Check on Employees in War Industry Plants

Effort Made to Discover Saboteurs in Concerns of a Key Nature

Leading insurance executives and underwriters are gratified to learn of the action being taken by many of their assured engaged in war work to uncover the professional or potential amateur saboteur.

During 1917-18, American industry suffered severely from a wave of destruction from within and today the government and plant management are taking every precaution to prevent the repetition of such disaster to war effort.

It is generally known that for some time factories having large government orders have carefully protected their grounds and buildings with heavy steel or iron fences and posted armed guards at all gates. Every employee has been fingerprinted and photographed and badges or identification credentials issued. All those entering the gates of these plants, whether employee or outsiders, carry positive proof of their identity. This procedure proved adequate until the country declared war. It has since become necessary to take further protective steps within.

Combatting Amateur Saboteurs

Governmental protective agencies have insisted more and more that rigid steps be taken by management to unearth by systematic investigations any signs of disloyalty to the United States in either new or old employees. The Federal Bureau of Investigation gives special attention to agents in the pay of our enemy but the sole responsibility of combatting the amateur saboteur is placed in the hands of each individual company.

A particular technique is required to uncover the employee who either considers himself an amateur saboteur or performs as such. One of the large investigating companies to perfect this technique is Dun & Bradstreet. Its recent experience in this "character" reporting field has been highly successful. It has uncovered many cases which have served as warnings to plant owners and employment managers to take measures to guard against possible sabotage by employees of questionable character. The mere accident of name, nationality and place of birth is not sole cause for suspicion. But breaks in the chronological record of past employment during which time the person was found to have visited an enemy country act as a warning signal.

Careful Check Is Made

Special care is also being given to new or old employees who formerly worked for alien enemy concerns who operated in this country during peacetime. The trusted employee is found to account honestly for each of his previous years of employment and the results of contact with each of these sources show up favorable to him.

In addition to employment records, the checkup includes:

A report on personal history, family background and affiliations, especially to bring out anything of alien enemy influence.

Verification of statements on the employment application with special attention to social, fraternal and other associations.

Verification of claims to ability and experience.

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Rhode Island Curtails War Risk Writings

Rhode Island, William Penn Fire and Louisville Fire & Marine have notified their agents that they will accept no new war risk liability in any of the coastal states or in Alaska.

Rhode Island explains that in its opinion the government's War Damage Corporation offers to the public adequate facilities in these territories at rates which cannot be successfully duplicated by private carriers. Rhode Island estimates more than 80 percent of its total war risk liability will expire by Dec. 15 of this year and that in the coastal states the only lines that will be renewed are those which are a portion of a nationwide schedule with predominant values in the zone between the Alleghenies and the Rocky Mountains.

Hail Losses Continue Heavy

This will be one of the worst seasons for losses the hail insurance people have experienced. Compared with last year, premiums are up from 30 to 50 percent, but whereas on last year's business a few companies made a small amount of profit and the business as a whole about broke even, a loss for operations as a whole is already certain for 1942.

In Montana during August there were only 10 days when it did not rain and hail somewhere in the state. There is some liability left on spring wheat in Montana, and some on winter wheat. One of the large operators in Montana reports more than a 100 percent loss ratio. This does not include expense. Other companies for the most part have a lower loss ratio, but apparently none of them will come out any where near even.

In North Dakota, South Dakota and Minnesota the loss ratio is still around 50 percent or less, which is not so bad, compared with other states. However, the harvest in those sections, particularly North Dakota, is very late, and there is still considerable liability out. So far North Dakota has been the hardest hit by hail storms.

About two-thirds of the liability still is out in Canada. However, the American companies writing in that field report that they are still on the credit side. There was quite a hail storm in southern Saskatchewan a couple of weeks ago, and this produced a number of losses, 2,000 by the Saskatchewan Municipal Hail Association. Otherwise, the storms have been fairly light and scattered.

D. D. Fitzgerald, Indiana state agent of Commercial Union, became a grandfather Monday. His daughter, Mrs. Robert Pickett, became the mother of a son.

Will Be There



FRED J. COX

It is understood that one of the attendants at the forthcoming meeting of the National Association of Insurance Agents in Chicago will be Fred J. Cox of Perth Amboy, N. J., who served as its president for two years and was chairman of its executive committee for two years. Mr. Cox and E. M. Allen, who was a local agent at Helena, Ark., and is now vice-president of the National Surety, were two of the strong forces that brought about a reorganization or revamping of the National association and started it on a more progressive career. The other member of that distinguished trio was James L. Case of Norwich, Conn. Mr. Cox's old friends will be glad to see him at a National meeting.

W. C. Ieuter Is Ill. Champion

W. C. Ieuter of Peoria, state agent for Ohio Farmers, is the grand Illinois Blue Goose golf champion of the year. In competition with the top two golfing athletes from Chicago, Peoria and the Springfield-Decatur puddle, Mr. Ieuter came out on top with a net of 84.

The playoff took place at the Big Run Golf Club during the course of the field day of the Joliet Insurance Agents Association. About 90 local agents and company men participated in the outing and attended the dinner. A large number of prizes was presented by M. H. Hollingsworth, chairman of the entertainment committee.

Hold Maine Convention Oct. 21

AUGUSTA, ME. — The executive committee of the Maine Association of Insurance Agents has decided to hold its annual meeting this year notwithstanding the inconveniences of gas shortage. It will be held at Augusta, Oct. 21, President John Whitcomb of Bar Harbor announces.

Canadian War Risk Arrangements Are Announced

Commission Scale, Loss Practices Are Told—\$3,000 Free on Homes

TORONTO—Under the Canadian government war risk scheme, agents who produce the business will be paid a commission of 5 percent with a minimum of 75 cents per policy and a maximum of \$500. The insurance companies get 2½ percent of the premium with a minimum of 50 cents and a maximum of \$250.

The government has stated that claims up to \$400 will probably be paid immediately, but claims exceeding that amount will be payable according to regulations that have not yet been promulgated. War requirements will take priority over civilian needs and it may be necessary for some claims to remain unpaid until after the war. The appointment of adjusters to handle claims will be in the hands of a special committee.

Commencement date of the policy is the second day after the insurance company has received the application. Canadians are thus borrowing what was originally planned for the War Damage Corporation. Until the last minute, policies were not to have taken effect in this country until three days after date stamped by the fiduciary agent.

If the property of the insured is required for the purposes of the trade of the insured, the premium is deductible as a business expense in the calculation of taxes but only to the extent that the taxes payable by the insured are reduced by not more than 40 percent of the premium.

Ontario Committee Named

Under the Canadian plan free insurance up to \$3,000 is provided by the government on dwellings occupied by the owner.

J. H. Riddel, Eagle Star, has been named chairman of the Ontario regional committee under the Canadian war risk insurance plan. Associated with him will be: R. H. Leckey, Kenneth Thom, W. P. Fess, C. M. Vanstone, J. P. M. Costigan, V. W. Gerish, A. J. Mylrea and Sam McAdam, all of Toronto; F. W. Snider, Kitchener; J. D. Kirby, Ottawa, president Ontario Fire & Casualty Insurance Agents Association, and J. McClary Moore, London.

While war risk insurance became available Sept. 7, the effective date is on and after Sept. 15. Business will be transacted in insurance company offices and the government expects to add only six or eight employees for supervision work.

Inland Water Restrictions

It has been decided that where war risk insurance may be obtainable on cargoes moving from Port Arthur to Quebec City, no war risk insurance will be available on cargoes from Port Arthur to Halifax. A boundary line was drawn from Port Arthur to the island of Orleans, and cargoes for ports below that line cannot secure war risk insurance. Halifax, hence, is out of bounds under the new arrangement.

Soldiers whose service takes them away from home come within the scope of the \$3,000 free government insurance on dwellings, which is a modification of the original ruling requiring an owner of a dwelling to live in it in order to qualify for the free insurance.

It is also pointed out that where an

(CONTINUED ON PAGE 26)

THIS WEEK IN INSURANCE

W. H. Bennett of the National Association of Insurance Agents assails companies for silence under attack Page 1

War Damage Corporation premiums for July amounted to \$106,000,000 and the number of policies issued was 3,500,000. Page 1

Valuations of imports under open policies are biggest problem of companies as WSA underwriting agents. Page 1

Careful checking is being made by war plants to discover professional and amateur saboteurs. Page 2

Dan C. Boney, North Carolina insurance commissioner, died Monday. Page 7

William Egleston becomes insurance commissioner of South Carolina. Page 8

Spirited convention is held by the Michigan Association of Insurance Agents at Mackinac Island. Page 15

Company men and agents accept in good spirit the new rates for contract bonds in which the War Department is interested. Page 19

Final decision on automobile rate reductions is expected to be made at conference of company people and insurance commissioners Sept. 16. Page 19

How surety people are aiding war production is detailed at Michigan agents' convention by George Bortz of F. & D. Page 19

Capt. Daniel J. Reidy, connected with the dependency allotment division of the adjutant general's office of the army, will be the chief speaker at the annual meeting of the International Claim Association. Page 21

Automobile writing companies have filed letters with their organizations promising to have policies interpreted liberally in ride-sharing claim Page 21

Field Work Is Being Transformed

Engineers and Specialty Men Are Diminishing in Number

Due to the war situation, the type of field work that is being done by the companies these days is undergoing a transformation. In some respects, the change in methods is regarded as wholesome and in the best interests of agent and company from a long range standpoint.

Not only is the regular fire insurance field man, who is the agent's standby and counsellor year in and year out, compelled to map his agency visits more economically, but the engineers and specialty men—inland marine, general cover, automobile, etc., are diminishing in number and those that are left are for the most part engaging in specific missions and doing definite errands rather than traveling the circuit and promoting business wherever they go. The shortage of engineers is particularly acute.

For some time, many observers have felt that there has been too rapid a multiplication of specialty field men and that agents were being taught some bad habits thereby. Whenever such a field man visits an agent, he is eager to go out with the local man and try to close some lines in the city. Most agents are willing to engage in such activity but there has been developing a tendency on the part of a good many agents to let the company men do a great part of their soliciting for them. That means that between visits of these specialty men, the agent is not exerting himself in behalf of a particular specialty and as a consequence the expense of acquiring business is increased. Some feel that this situation has a debilitating effect upon agents and has caused some of them to be less self-reliant and that it has drained their initiative to some extent.

Field work in general today is being organized closely to get the maximum results from man power and from the automobile. Probably the most common device to save rubber is for the field man one week to make the rounds by train and bus and the next week to use his car visiting those places that are not easily accessible by common carrier. The field men are visiting the agents less frequently than in normal times and some of the field men have advised the agent not to hesitate to use the telephone when he has an important question to ask. The idea of field men for different companies doubling up in the use of automobiles appears to be completely unworkable and most of such arrangements that were made several months ago have now been abandoned.

Tennessee Agents Favor New National Constitution

NASHVILLE, TENN.—The executive committee of the Tennessee Association of Insurance Agents, in session here, instructed its delegates to the National association meeting to vote for the new constitution. W. D. Pettigrew of Knoxville, present national councillor, was designated "councillor at large" in order to put the Tennessee association in line with possible adoption of the new constitution.

The executive committee recommended the adoption for use in Tennessee of the 1942 New York fire policy. This recommendation is being referred to Commissioner McCormack for consideration of possible conflict with present state insurance laws. Such conflicts could be removed at the next session of the Tennessee legislature in January, 1943.

Preliminary work of Secretary-Man-

Damage by Army Planes and Trucks Raises Questions on Coverage



Widespread publicity regarding the crash of an army trainer plane into a Houston home (above), in which the housewife and two army flyers were killed, has stimulated the sale of extended coverage, although the question of liability in such cases has not been officially and legally answered. Travelers Fire, one of the companies which has taken a definite stand, states that such crashes are covered under the falling aircraft provision of the extended coverage form provided that the plane is not engaged in combat with the enemy.

The impact was so great that the house will have to be torn down and have a new foundation before it is rebuilt at a cost of \$10,200 while its original cost was only \$9,500.

The question of coverage from damage by army trucks as well as planes comes to the fore with such incidents as the crash of an army truck (below) into a Paterson, N. J., store. (Acme picture).

At Newark, O., Tuesday, an army bomber ripped off a part of one house, then crashed into an apartment building. Its gasoline tank was torn loose, dropped into the building and exploded, blowing wreckage against a house across the street and setting it afire. Two civilians were killed.

ager Cawthon on the association's annual meeting scheduled for Oct. 15-16 was approved by the executive committee, but selection of the hotel for the meeting is yet to be made.

Drop in Automobile Writings

Agents present from different sections of the state reported a loss of about 20 percent in auto liability writings and about 50 percent in auto fire and theft. Sale of war damage insurance in Tennessee has been on a par with other inland states, most of the coverage going on larger industrial plants and less on small plants and residences.

Texas Blow to Cost \$3,000,000

Hurricane of Aug. 30 Caused an Estimated 28,000 Claims

The Texas hurricane of Aug. 30 that extended from Freeport south to Corpus Christi and northwestward to San Antonio caused about 28,000 claims and insurance loss of about \$3,000,000, the Fire Companies Adjustment Bureau, southwestern department, estimates. The area of the storm was about 150 by 175 miles.

There are several very large losses on builders risks at Aloe airfield and Foster airfield near Victoria and extensive damage to building construction at Army Camp Hulen near Palacios. These three locations may result in losses exceeding \$300,000, according to the F.C.A.B. Both the southeastern and eastern departments of the F.C.A.B. have furnished additional adjusters to assist the southwestern department during the emergency.

There are an estimated 5,400 claims with an estimated total loss of \$503,750 in the territory handled by the Corpus Christi office; 15,675 claims and \$1,263,000 loss in territory of the San Antonio office, 4,475 claims and \$433,500 loss in the Victoria office territory.

There will be many large losses on ranch properties and oil drilling rigs in the vicinity of Placado, Bloomington, Edna and Palacios. A large laundry burned at Palacios during the hurricane, reportedly insured in the mutuals, according to the F.C.A.B.

The wind at one time reached a velocity of 63 miles per hour at San Antonio and there was a sustained wind velocity for seven hours there. The maximum velocity for one minute reading was 74 miles. There were gusts in various sections of the city that exceeded 80 miles. On Sept. 3 there was a rainfall during the night of 4.8 inches which caused considerable additional interior damage to buildings and contents. Most of the telephone and electric power in San Antonio was out of commission for 24 hours.

One of the companies that is using its own staff of adjusters has 19 adjusters working in the territory which is about twice as many as it found necessary to use in the Houston storm in September, 1941.

Hess Atlanta Manager of National Underwriter

Ernest E. Hess has been appointed resident manager of THE NATIONAL UNDERWRITER Company at Atlanta, succeeding the late Walter M. Christensen. He will have supervision of THE NATIONAL UNDERWRITER's business activities in the southeast, maintaining his headquarters at 560 Trust Company of Georgia Building, telephone Walnut 5867. Mr. Hess has been in the field for THE NATIONAL UNDERWRITER for a number of years, having represented it both throughout the middle west and on the Pacific Coast.

Before joining THE NATIONAL UNDERWRITER, Mr. Hess had an extended and successful insurance career which began in the western department of Aetna Fire, for which he served as an examiner and in other capacities. Later he went with a local agency in Oklahoma City, after which he traveled in Illinois for both Continental and Employers Fire.

Seattle Company Gets Treasury's Bull's Eye Flag

The Treasury department presented to Northwestern Mutual Fire of Seattle its bull's eye victory flag at a large public rally in Victory Square. The flag was given in recognition of the fact that employees are investing more than 10 percent of the combined monthly payroll in war bonds. The entire home office personnel, numbering about 320, signed up 100 percent to purchase the bonds.

The goal was reached as the result of an intensive drive in which the spirit of competition was introduced with the

various floors in the building pitted against each other. When the goal had been attained Northwestern Mutual bedecked its home office building from top to bottom with red, white and blue banners and spreads. One hundred foot signs on the side of the building urged the public to buy more bonds.

Sixty-one employees of Northwestern Mutual are in the armed services and one girl is in the WAAC.

Wheat Field Fires Are Numerous This Season

Several of the companies and some of the adjusting firms report that the number of fires in grain fields is larger this year than ever before. Many such losses have occurred in Nebraska and Kansas where the wheat had a rank growth, but since it is a wet season in most territories, additional losses are expected.

Where growth is heavy, the wheat has to be combined high on the stalk, leaving a heavy stubble. This condition itself is enough to increase fire losses because the exhausts of truck and combine engines will occasionally set high stubble afire. But this year in many sections the ground is wet at harvest time, and the engines become extremely heated from the extra pull, which creates a hotter exhaust and more sparks.

More Hazard Under Certificates

Most of the losses are being paid under short term grain certificates, of which several of the companies sell a great many. The minimum term on these certificates is 60 days in many states. Under normal marketing conditions the period of greatest hazard runs only about two weeks, long enough, after the wheat is ripe, to get it combined and taken to market. With wheat backing up on the farm the period of hazard will be considerably longer and may last throughout the term of the policy. The certificate covers while the grain is in storage on the farm, although not after the government loans money on the grain under seal on the farm.

There is now evident a tendency on the part of assured to buy certificates for a longer period than the minimum term, some of them running several months, or possibly even a year, because of the storage space shortage. While the coverage is sold in the regular farm policy, uncut grain has to be covered by special endorsement and payment of an additional premium, and since the regular farm policies are usually for a term of three to five years, farmers do not like to put such an expensive endorsement in them for that long.

The companies are not particularly worried about increased losses because this has been a profitable class of business for a long time and the fires will probably serve to stimulate its sale.

New Committee Head for Credit Association Named

George W. Patterson, credit manager of the American Cyanamid Company, will head the insurance committee of the New York Credit Men's Association the coming year. Mr. Patterson succeeds George E. Rogers of Robert Gair Company, who has been named vice-chairman of the committee.

Members of the committee include: R. K. Campbell, Continental; A. L. Carr, National Surety; H. F. Christie, Cannon Mills; A. J. Hand, U. S. Fidelity & Guaranty; J. Healy, R. A. Corroon & Co.; Joseph Kriskcher, John C. Paige & Co.; E. Kronimus, Home; W. E. Mallalieu, National Board; R. J. Moore, C. I. T. Corporation; Ray Murphy, Association of Casualty & Surety Executives; C. R. Nash, Johnson & Higgins; Harold Parker, Chase National Bank; H. K. Phillips, Association of Casualty & Surety Executives; E. Vernon Roth, Surety Association of America; A. Rothschild, Weiss & Klau Company; Harry J. Solon, Hooper-Holmes Bureau; Cooper D. Winn, Guaranty Trust Company of New York; M. J. Zemek, Colgate-Palmolive-Peet Company, and George Schotz, Commercial Factors Corporation.

The committee was active this past year in securing a revision of the New York State fire insurance policy.

Will Come Back



EARL E. FISK

One of the old-timers who will be present at the annual meeting of the National Association of Insurance Agents in Chicago is Earl E. Fisk of Green Bay, Wis., in times gone by prominent in its councils but who has not been at the conventions in some years. A number of years ago he was appointed chairman of the committee to revamp the constitution. The other members were Phil Braun of Flint, Mich., and E. J. Cole of Fall River, Mass. The committee eliminated the old regional vice-presidents and set up a conference committee system for each underwriting jurisdiction. Also the national councillors were brought into play in order to fit into the new picture of working with company committees in these jurisdictional organizations.

Mr. Fisk is the author of the code of ethics of the National Association of Insurance Agents. At one annual meeting he was awarded the "Woodworth Memorial" for the most outstanding piece of work during the year. He has originated a number of new ideas that have come into actual practice. His old friends will be glad to see him again at the Chicago meeting.

Alabama Agents Favor New N. Y. Standard Fire Policy

BIRMINGHAM, ALA.—A movement is under way to have the new New York standard fire policy adopted in Alabama, if not in the entire south. The consensus of the executive committee of the Alabama Association of Insurance Agents, expressed at a recent meeting, was that the simplified form should be put into force at once. The Dothan Insurance Exchange went farther and in a resolution called on the Alabama department to proclaim the new form as early as possible.

Secretary-Manager M. R. McGruder of the Alabama association notified both the Southeastern Underwriters Association and the insurance department of this sentiment developing among agents. Paul B. Hufish, assistant secretary of the S.E.U.A., advised "that this matter is receiving the consideration of our executive committee," and Superintendent Frank Julian replied that "if the fire companies in Alabama desire to use the New York standard fire policy I don't think we will have much difficulty in placing same in use."

The new New York policy does not become effective until July 1 of next year and it is presumed that any change in Alabama would not become effective before that date at least. However, there is nothing to prevent earlier application, provided appropriate action were taken either by the legislature or by the insurance department.

The old New York standard form has been used in Alabama for many years.

German Control of Insurance in Europe Is Shown

German domination of the insurance business in occupied Europe has followed establishment of military control, and some of the changes that have occurred in the structure of continental insurance are commented on in "The Review" of London. In France, for instance, life, automobile and workmen's compensation insurance formerly held by the British companies was distributed between German and Italian carriers. In Belgium the Nordstern of Berlin "had to come to the rescue" of Belgium policyholders, and in Holland 50 percent of the fire business was claimed for German societies. The latter opened 30 branch offices in France, 40 in Belgium and 44 in Holland.

Companies Squeezed Out

In east and southeast Europe control was established over Viennese companies by German concerns after the occupation of Austria in 1938, and the Italians were practically squeezed out. Three Rumania companies and the business of an English office were taken over by a brokerage firm in Hamburg.

Branch offices of the Insurance Institute of the Soviet Union have been taken over. In some areas German companies have a monopoly; in others they have assumed the international business, taken control of the country's business, and confined the home companies to local operations.

The expansion of German companies is of political importance, and the German government exercises considerable direction over them. A German institution has been founded to promote the coordination of all the insurance laws of European countries.

The Review points out that knowledge of reinsurance connections is particularly difficult to obtain but that the reinsurance cartel headed by Munich Reinsurance is apparently carrying out the objective of allowing only German and possibly some Italian companies to have a share in the international business.

Oral Agreement the Issue in Claim on Builder's Risk Policy

A builder's risk policy loss was the issue in the suit of Baldwin vs. St. Paul F. & M. before the Connecticut supreme court. The plaintiff through her broker procured from a St. Paul F. & M. agent a builder's risk policy covering a dwelling in course of construction. The amount was for \$10,000 which represented the capital investment at the time the policy was issued. It was understood between the broker and the agent that the amount might be increased as the building progressed. Therefore for an additional premium insurance was increased subsequently by \$5,000. Still later while the contractor's ascertainment of the present value of the building was enroute to the broker it was destroyed by fire. The plaintiff filed proof of loss for the full value of the building at the time of its destruction claiming that there was an oral agreement between her broker and the agent that a policy should be issued which would at all times cover the entire value of the building as the value was increased in course of construction. She was, however, awarded \$15,000.

The court found that while it was the purpose of the parties to arrange insurance in such a way that the property would be at all times adequately insured, the agreement was that the plaintiff's broker would order such increases in the amount of the policy as might be required from time to time to accomplish that purpose. The higher court held that there was no error in the lower court's conclusions.

Fire Companies' Illinois Experience Is Reported

Insurance companies writing fire and allied lines showed total losses paid in Illinois during 1941 of \$33,694,205, against \$26,647,796 during 1940, Insurance Director Jones finds. Premium volume for these companies increased \$10,455,009 over 1940, a gain of 13.7 percent, compared to the 20.9 percent increase in loss payments.

Fire business showed a gain of \$4,775,658 over 1940. Total writings reached the new high figure of \$38,642,733 as compared to the total of \$33,867,075 in 1940. Fire losses increased 11 percent. Paid losses last year amounted to \$15,640,817, which was \$1,765,094 over the figure of 1940.

Marine premiums were up 15 percent and losses were 12 per cent higher. Total premiums on this class reached \$9,028,257, an increase of \$1,394,133 over 1940. Losses totaled \$3,711,371, compared with \$3,249,408 in 1940.

Extended coverage premiums showed a 22 percent increase and 57 percent increases in losses. E. C. premiums were \$6,495,491, or \$1,429,010 over 1940. Losses were \$2,353,890, which figure was \$1,343,956 over the 1940 experience. Windstorm premiums decreased from \$2,732,978 in 1940 to \$1,774,624 last year. Losses decreased 70.6 percent, being \$1,218,447 in 1940 and \$357,226 last year.

Riot and civil commotion premiums aggregated \$357,226 last year compared with \$252,108 in 1940, an increase of 29 percent. Losses were \$34,186 compared with \$14,858 in 1940.

There was a 15 percent increase in motor vehicle premiums and a 27.8 percent increase in losses.

Colo. Receiver Is Accused

DENVER—J. Donald Blevins, former deputy state insurance commissioner and former receiver for International Mutual Liability of Denver, was accused of embezzlement and larceny by bailee in an information filed by District Attorney Burke.

Although Blevins is charged specifically with taking \$1,515 of insurance company funds in the period from October, 1941, to March, 1942, the district attorney's office is "prepared to prove shortages totalling \$6,000 or more, and the extravagant use of company funds."

The prosecutors said an audit has shown that although Blevins handled a total of \$29,568 in company funds from June, 1939, to May 31, 1942, only \$858 of that amount remained in bank accounts and the receiver's cash box, and that "none of the policyholders received any of the money spent."

Affairs of the insurance company were subjected to both legislative and grand jury investigations in 1939, and Blevins was appointed permanent receiver in July, 1939, after filing of a receivership action by Commissioner Kavanaugh.

"When Blevins was appointed receiver," according to the district attorney, "the company had \$6,797 in cash which was turned over to him. He collected an additional \$22,771, nearly \$20,000 of this in premiums from policyholders. Although, by court order, his fees as receiver were fixed at \$200 monthly, the audit shows payments of more than \$11,000 in 'fees' to himself."

According to the insurance commissioner, the company can not lose a penny since Blevins is under two bonds of \$15,000 each.

Robert R. Hayes, special agent of Crum & Forster, Oklahoma City, is the father of a son, Robert D. Hayes.

Edwin Black of Elizabethtown, Kentucky special agent for the arson division of the National Board, has been notified that his son, George Black, is missing in action.

N. C. Commissioner Boney Died Monday

Was One of the Leading State Officials in the Country

Insurance men were shocked this week to learn of the death of Insurance Commissioner Dan C. Boney of North Carolina at his home in Raleigh after a brief illness. He had served as commissioner since 1927, was promi-



DAN C. BONEY

nent in the National Association of Insurance Commissioners and was president in 1934. The next year a testimonial dinner was held at Raleigh in his honor and insurance men went from all parts of the country to pay tribute to him.

Commissioner Boney's Career

Col. Boney was born at Elkin, N. C., Dec. 6, 1895. He went to the University of North Carolina, where he studied law. He was in the first world war and lost an arm besides suffering other wounds in battle. From 1922 to 1925 he practiced law in Raleigh. In the latter year he was appointed deputy insurance commissioner of North Carolina and in 1927 commissioner, to succeed Stacey W. Wade. The commissioner in that state is elected and Col. Boney had been reelected every four years since, mostly without any opposition.

He served as chairman of the executive committee of the National Association of Insurance Commissioners then second vice-president and then president.

Maintained Impartial Stand

Col. Boney was one of the outstanding commissioners of the country, one of the best beloved, one of the most amiable and was always greeting people with a smile and a cordial handshake. He was impartial in his work and while viewing insurance operations from the insurance standpoint he never overlooked the public side of his business. Insurance companies regarded him as unprejudiced and fair. He was one of the conservative officials. Having been in office a long time he became well acquainted with supervising problems, men in the business and knew who was who and what was what. He was one of the commissioners who realized that the public had rights and also the insurance industry had its rights. Usually at insurance commissioners' conventions he occupied a suite of rooms with Vice-president Orville Davies of the General Exchange

and George W. Carter, well known local agent of Detroit.

Col. Boney died from a stomach ailment after two days illness. In 1928 he married Miss Charlotte Johnson of Raleigh, who died. Two sons Dan C., Jr., and Arthur J., survive. His mother, Mrs. Susan Boney, is still living.

Mortgage Bankers Set Convention

The Mortgage Bankers Association of America will hold its annual convention at the Edgewater Beach hotel, Chicago, Sept. 30 and Oct. 1-2. Usually these con-

ventions have insurance subjects, but none are on the agenda this year. War damage coverage and some other insurance matters may be taken up at the informal discussions, to which the bankers will devote a day and one-half. This year also the exhibits of insurance companies will be dispensed with because of the war. Ordinarily Home, America Fore, Hartford Fire, Aetna Fire, Paramount Fire, and National Retailers Mutual have exhibits at the meeting.

Over 900 fire companies are shown in the *Argus Fire Chart*, \$1 singly from National Underwriter.

Executive Committee Meeting Is Called

John A. Lloyd, Ohio insurance superintendent and chairman of the executive committee of the National Association of Insurance Commissioners, has called a meeting of the committee to be held at the Pennsylvania Hotel in New York City Sept. 17.



According to newspaper reports of this fire, "the loss was placed at \$100,000..."

But what did the fire actually cost? For the physical property that fire destroys is only the *beginning* of the loss. What really hurt are the far-reaching after-effects—interruption of business, customers lost, destruction of irreplaceable records, impaired credit standing, inability to fill orders—and a host of other intangible, but very real, losses which have driven many a business into bankruptcy.

And today, even these "intangible losses" seem trivial compared to the fact that a serious fire in

any establishment whose products or services are related to our war effort may result in delays in production schedules or in delivery of supplies to our armed forces.

* * *

By assuring prompt discovery of fire, and immediate and accurate alarms, A.D.T. Protection keeps physical losses to the minimum, thereby also protecting the intangible values that always are affected when serious fire stops a business. A.D.T. Fire Protection Services include: Sprinkler Supervisory and Waterflow Alarm; Aero Automatic Fire Alarm; Manual Fire Alarm; Central Station Watchman's Reporting Service. Write for free descriptive booklets.

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Controlled Companies of AMERICAN DISTRICT TELEGRAPH CO. 155 Sixth Avenue, New York, N. Y.
CENTRAL STATION OFFICES IN ALL PRINCIPAL CITIES OF THE UNITED STATES



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A NATION-WIDE ORGANIZATION

Reading List for C.P.C.U. Examinations Issued by American Institute

A suggested reading list for those who wish to prepare for the C. P. C. U. examinations to be given by the American Institute for Property & Liability Underwriters on June 9-11, 1943, has been announced by Dean Harry J. Loman.

Dr. Loman points out that the method of preparation for the examinations is not prescribed by the institute nor does it require the use of any particular texts in preference to others. Therefore the list should be regarded strictly in the nature of a suggestion which will enable the candidate to judge the scope and depth of the subject matter covered by the examinations.

Institute officials prefer candidates to prepare through organized classes or study groups, and point to the following limitations of the suggested reading list: (1) It is not always up-to-date. (2) There is a scarcity of adequate reading matter for some of the topics in the curriculum. (3) The institute's examinations will test not only the candidate's mastery of the subject matter but also his ability to apply it intelligently. (4) A reading list is a poor substitute for supervised study and instruction.

The reading list for examinations for Parts I and II covering principles and practices have been combined because most of the textual material as well as the college and university courses do not now separate the subject matter as provided in the institute curriculum. Until rearranged courses and readings are more generally available, the institute advises a candidate to prepare for the examinations on Parts I and II together. This means that even though a candidate takes the examination for a single part in any given year he should not attempt either Part I or Part II unless he is prepared on the subject matter of both.

PARTS I & II—INSURANCE PRINCIPLES AND PRACTICES

Mowbray, Albert H., "Insurance," McGraw-Hill Book Co.

Huebner, S. S., "Property Insurance," 3rd edition, D. Appleton-Century Co. Chapters 1, 2, 3, 4, 8, 9, 10, 11, 12, 13, 17, 18, 19, 25, 26, 27, 28, 29 and 30.

Kulp, C. Arthur, "Casualty Insurance," Ronald Press.

Michelbacher, G. F., "Casualty Insurance Principles," McGraw-Hill Book Co. Chapters 5, 11, 12, 13, 14, 15, 16, 17, 19 and 20.

Crist, G. W., Jr., "Corporate Suretyship," McGraw-Hill Book Co.

Appleman, Earl, "Inland Marine Insurance," McGraw-Hill Book Company.

Pamphlets of American Mutual Alliance Institute, 919 North Michigan avenue, Chicago, Riegel, Robert, "Measurement of Fire Hazard," O'Connor, James C., "Tornado and Extended Coverage," and Mr. O'Connor's "The Form Attached to the Policy."

Domingo, Charles C., and Lincoln, Walter O., "Building Construction as Applied to Fire Insurance," Spectator.

Pamphlets of National Board of Fire Underwriters, 85 John street, New York City, "Building Codes," "Salvage," "Suggestions for Arson Investigators."

Heinrich, H. W., "Industrial Accident Prevention," McGraw-Hill Book Co. Chapters 1, 2, 3, 4, 5, 8, 13 and 15.

Stoeckel, Robbins B.; May, Mark A., and Kirby, Richard S., "Sense and Safety on the Road," D. Appleton-Century Co.

Morrow, Ralph E., "Insurance Surveys," Rough Notes Company.

Strong, Edward K., Jr., "Psychological Aspects of Business," McGraw-Hill Book Co. Chapters 1 to 20 inc.

Illustrative contracts: New York standard fire policy, extended coverage endorsement, accident policy (commercial), accident and health policy (commercial), employers' liability and workmen's compensation policy and endorsements, automobile policy (combined coverage), marine policies (American hull and open cargo) and inland marine policy (personal effects floater).

PART III—GENERAL EDUCATION

1. Economics: Patterson, S. H., and Scholz, K. W. H., "Economic Problems of Modern Life," McGraw-Hill Book Co.

2. Government: Young, James T., "The

New American Government and Its Work," Macmillan Company.

3. Social Legislation: Kulp, C. Arthur, "Casualty Insurance," Ronald Press. Chapters 4, 6 and 9.

Pamphlet entitled "Handbook for Federal Old Age and Survivorship Insurance," Social Security Board, Washington, D. C.

4. English: Woods, George B., "A Guide to Good English," The Odyssey Press.

PART IV—LAW

Conynghton, Thomas, and Bergh, Louis O., "Business Law," Ronald Press.

Vance, William R., "Handbook of the Law of Insurance."

Kulp, C. Arthur, "Casualty Insurance," Ronald Press.

PART V—ACCOUNTING AND FINANCE

McKinsey, James O., and Noble, Howard S., "Accounting Principles," South-Western Publishing Company.

Owens, David F., "Controlling Your Personal Finances," McGraw-Hill Book Co.

Lincoln, Edmond E., "Applied Business Finance," McGraw-Hill Book Co.

Cole, B. D., "Insurance Agency Management," Rough Notes Company.

In order to understand and follow current developments in business a candidate should read regularly one or more high grade periodicals presenting and interpreting business and financial news, as well as one or more high grade insurance journals, Dr. Loman points out.

The reading list given above should be regarded as a minimum coverage of the subject matter of the examinations. In some cases a better understanding of the various topics may be obtained from a more detailed treatment or from a different method of presentation. For this reason a supplementary reference list will be prepared.

All books listed can be purchased from The National Underwriter, 420 East Fourth street, Cincinnati, O.

Grain Storage Is at Peak at Start of New Season

The grain storage facilities of the country are probably more heavily taxed than at any previous time in history. This season there has been another bumper crop of wheat, and apparently almost every cubic foot of storage space is jammed full.

One assured, which operates a number of elevators, estimated a year ago at the outset of the policy year that its average values of grain on hand would be approximately \$350,000 per month. By the end of the policy year, which coincided with the beginning of the crop year, the average had climbed to more than \$1,000,000.

Temporary Storage Eyed Favorably

Privately owned grain in elevators is of course insured through the companies, and even grain on which the federal Commodity Credit Corporation has loaned money is insured while stored in elevators. These values represent a considerable amount of premium. At country elevators even a year ago temporary storage space was being constructed. This type of storage, instead of being frowned on by underwriters, has been regarded favorably because there is plenty of air, avoiding spontaneous combustion; no lights or mechanical equipment, which in combination with dust is responsible for many grain losses.

Commission Lid Is 5 Percent

WASHINGTON — The government agency in charge has set the requirement that the commissions, including countersignature, shall not exceed 5 percent for the insurance covering synthetic rubber and high octane gasoline plants.

Help Insure the War Effort

Every Insurance man can play a vital part in the war effort, for insurance protects and guards the tools of war production. That's the story behind the Alliance Seasonal Sales Plan for September and October. It's a campaign planned to simplify and to speed-up your sales of Manufacturer's Insurance.

Every Alliance Agent will receive a Selling Kit showing every short-cut to greater business in the profitable Industrial Field. Included is a compact Fact-Spotter, a device designed to interpret insurance needs quickly and accurately, point out existing gaps and simplify the task of selling to busy executives. This plan means business, and is yours for the asking. Write to Alliance and ask for the facts.



THE ALLIANCE INSURANCE CO. of PHILADELPHIA

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Service Offices located in principal cities. Complete nation-wide insurance facilities for Agents and Brokers.

Answer Question on Premises All-Risk Policy for Safes

Question—I wish you would let me know what you would advise to give complete coverage to a concern that keeps money and securities in a safe. The usual burglary policy requires evidence of an endeavor to break in the safe. That is, there must be tangible evidence that means were used to pry open the lock or break it. Suppose there is no evidence and money or securities are stolen? How can one be protected in case there is no visible evidence of entry?

Answer—The premises all-risk policy, which is written through the burglary departments of casualty companies, would cover your client against this loss. It covers loss, damage or destruction of money and securities from within the assured's premises, including such losses as sneak theft, disappearance, fire, etc. The only exclusion is loss due to infidelity of employees, so a client carrying this coverage should also carry adequate fidelity bonds for complete protection.

The rate, of course, is considerably higher than that for burglary or robbery insurance alone. It is the sum of the safe burglary and inside holdups, plus \$5 per \$1,000. This loading was recently reduced from \$8.50. There is a minimum premium of \$50 for the first location (recently reduced from \$100) and \$15 for each additional location.

This coverage may be written by itself or as a section of the comprehensive dishonesty, disappearance and destruction policy.

Fire Fighting Problems Are Becoming Acute

NEW YORK—Engineers of the National Board have completed a survey of the Boston fire department, and of general conditions from the fire hazard standpoint of Fitchburg, Mass. The reports will be available within a short time.

Because of the assignment of many of its engineers to safe-guarding army and navy projects, the National Board has been compelled to discontinue temporarily its extensive surveys of municipalities.

Fire fighting forces of cities are being depleted because of men entering war service and replacements are difficult to obtain. Older men are reluctant to accept the work for temporary periods, and younger men are likely to be called to the colors. This shortage may become so acute in the future as to necessitate the appointment of women as truck and engine drivers. Fantastic as such a suggestion may now seem to be women auxiliary firemen were enlisted in England several years ago, and have proven efficient in checking fires following bombing raids.

New Chemical Hazards Booklet

An up-to-the-minute table of "Common Hazardous Chemicals," sixth edition, has just been released by the N.F.P.A. committee on hazardous chemicals and explosives in cooperation with the American Chemical Society. It is available for 20 cents from the N.F.P.A., 60 Batterymarch Street, Boston.

This latest edition includes all the amendments adopted since 1931; it also includes additional chemicals and information on fire fighting phases and a new paragraph on oxygen breathing equipment or helmets. Other paragraphs cover flammable limits and explosive range, ignition temperature, propagation of flame and flash point.

Only from the **Argus Charts** can you get low cost data on all companies. Order from National Underwriter.

His Two Loves



Clarence J. Casper, manager of the Western Adjustment at Green Bay, Wis., visited Earl E. Fisk of that city at his summer home. Earl took advantage of the occasion by snapshooting Clarence with his two loves, one being his daughter Mary and the other THE NATIONAL UNDERWRITER. He is devoted to both.

Everett Van Matre, an official of the Indiana Lumbermen's Mutual has just seen his son leave for West Point, N. Y., where he has entered the United States Military Academy. The son, Peter, attended Shortridge High School

Californians Question Strength of Government Case Against Companies

SAN FRANCISCO — Commenting on the forthcoming investigation of fire bureaus and boards scheduled to open in Atlanta Oct. 5, the "California Agency Bulletin," official organ of the California Association of Insurance Agents, in its current issue, says:

"It is to be hoped that the investigators will take into consideration the many services rendered the public by these bureaus and boards—a service which makes it possible to obtain better fire protection, avoid discrimination—not to mention giving the non-member companies a service which permits them to compete on rates, commissions and underwriting rules.

U. S. Contentions Seem Weak

"A contention that the fire insurance business is not competitive because of the rating bureaus and company adherence to board rules and rates, can hardly be upheld, in the opinion of many company executives and producers. Almost every agent is in direct competition with other agents and non-bureau or non-board companies daily—not to mention the unfettered competition of the mutuals and reciprocals.

"However, it is impossible to be sure at this time just what the backers of the Department of Justice's move seek to learn or reveal about the business. The fact that the Firemen's of Newark and the Pearl—two non-organization companies—wrote premiums of \$2,307,522 and \$607,000 respectively in California last year would indicate that the board rules and rates did not stifle competition as far as they are concerned. The Northwestern National, a strictly independent and highly competitive organization, reported \$802,000 in premiums in California last year, and the Republic of Texas did a business of \$733,000. These are companies operating as independents or, in other words,

in Indianapolis and was graduated from the Sewanee (Tennessee) Military Academy.

N.F.P.A. Criticises Fire Hazard in Scrap Rubber Piles; W.P.B. Answers

The National Fire Protection Association severely criticises the scrap rubber situation in its monthly news letter, calling the recent drive for this rubber "premature" and stating that the huge piles present a serious fire hazard. It said that every pound of rubber in the country will be needed if the war lasts any great length of time, but that it is far safer in attics and garages than in large scrap piles.

Origin of Drive Is Obscure

According to the NFPA letter, the origin of the drive is obscure, although President Roosevelt started it with a radio appeal, Rubber Reserve Corporation disclaiming any responsibility for it. The association took the position that there was nearly a year's supply of scrap at reclaiming plants and hence that the drive should not have been undertaken until the collected scrap could be put to immediate use. Commenting on rumors of another drive in the near future, it said that this should be postponed for a year, with people urged to save rubber in the mean time, but not to pile it up.

A few days later, however, the Associated Press quoted the War Production Board as stating that the collected scrap is being moved to central receiving depots and rubber reclaiming plants at the rate of 4,000 tons a day and that the piles still visible in some localities will soon disappear. It reported the total collection at local filling stations as 454,153 tons, presumably exclusive of that turned into other salvage agencies.

strictly competitive to the organization companies.

"Throughout the country generally, reports are to the effect that there is a feeling the investigation will eliminate much of the misunderstanding of the true service of fire insurance, which can be rendered as equitably and as broad as it now is only through free private enterprise."

They Must Get There!

AMERICA is winning a war of production at home. Vital cargoes of planes, tanks, guns, ammunition and food are leaving our shores in new ships built with record-breaking speed. Our soldiers abroad will be armed and fed by what these ships bring. Our navy, growing stronger every day, will see to it that these convoys do get there.

As one of America's leading insurers of ships and cargoes, we are doing our part. We also prepare Inland Marine and Transportation Floaters for war industries as well as for commercial and personal requirements. Complete specialized service available from our nearest office.

MARINE OFFICE OF AMERICA

WESTERN DEPARTMENT
INSURANCE EXCHANGE BUILDING - CHICAGO

NEW YORK - CHICAGO - NEW ORLEANS - SAN FRANCISCO - SEATTLE
ATLANTA - BALTIMORE - BOSTON - CLEVELAND - DALLAS - DETROIT - HARTFORD - HOUSTON
LOS ANGELES - PHILADELPHIA - PITTSBURGH - ST. LOUIS - STOCKTON - SYRACUSE

Insurers Allowed Tax Deductions on Far East Losses

NEW YORK — American insurers which formerly operated in territory now under Japanese control would be permitted, along with other American firms, to file amended income tax returns for 1941 in which deduction for losses of assets due to war can be taken, according to a provision in the new revenue bill which has been decided upon by the senate finance committee. As a practical matter, however, the tax relief proposed will be of less importance to insurance companies than to concerns having assets less easily removable than those of insurance companies. As for bank deposits, companies carried their balances as a rule in branches of American banks, so there is no loss on this type of asset.

American Foreign Insurance Association, American International Underwriters, and North America are the only insurers operating in the Far East and the A.F.I.A. was the only one which did business in Japan, where a deposit is required as a condition of doing business. No deposits were required of companies operating in the Netherlands East Indies, nor of American companies operating in the Philippines. While statutory deposits were required in Malaya the requirement was satisfied if the deposit was made in London and this was the usual custom.

South Carolina to Install a New Commissioner

William Eggleston, attorney at Hartsville, S. C., 33 years old, has been appointed insurance commissioner of South Carolina. He succeeds, L. George Benjamin, Jr., who has gone into military service. Mr. Benjamin is attached to the reception center at Fort Jackson, Columbia, S. C. He had informed Governor Jeffries that he would not be able to carry on his work as insurance commissioner. Mr. Benjamin was elected at the last session of the legislature to succeed Sam B. King. His term runs to April 2, 1946.

St. Paul Women Meet

ST. PAUL—Changes in the by-laws were considered at a meeting of the St. Paul Association of Insurance Women. Mrs. Fern Harrington, general arrangements chairman for the recent national convention in St. Paul, reported on the convention and a large group of pictures taken by Dean Perry, former field man, was on display.

McHale Was Speaker

ST. PAUL—John McHale, state agent New York Underwriters, spoke at the annual meeting Sept. 9 of the Insurance Exchange of St. Paul.

R. C. Smith, 65, veteran Mt. Ayr, Ia., local agent, died at his home from a heart attack. He was a leading farm-writing agent.

C. C. Bowersox, 63, founder and retired president of the Bowersox Insurance Agency Company in St. Louis, died from a complication of diseases. Mr. Bowersox retired eight years ago and moved to Harlin, Tex.

For many years he was a dominant figure in the St. Louis insurance world. As agent in the St. Louis territory for Buffalo, his was the outstanding non-board agency.

Additional fire insurance news on pages 28 and 29.

Blackout Question Is Interpreted by WDC Official

Exclusion of liability for damage caused by blackout is not intended to exclude liability for damage caused by enemy attack during a blackout under the War Damage Corporation policy, according to Assistant Secretary M. W. Knarr of the W.D.C.

This point was cleared in an exchange of correspondence between J. S. Bannon, insurance agent at Fleetwood, N. Y., and Mr. Knarr.

Mr. Bannon wrote as follows: "Referring to the standard government war damage contract under insuring lines 4-7, which reads as follows, i. e.: 'Against direct physical loss of or damage to the property described in the attached application which may result from enemy attack including any action taken by the military, naval, or air forces of the United States in resisting enemy attack and under lines 64 to 71 (perils not covered) the policy specifically excludes (A) blackout (directly or indirectly).'"

Intent of the Policy

"It is my belief and interpretation that it is the intent of the policy to cover if and when a blackout occurs prior to and/or during an 'attack,' including any action taken by the military, naval or air forces of the United States in resisting enemy attack, or any alarm which would cause said blackout, and not just merely a temporary blackout, such as we are now having as a precautionary measure."

"The term 'blackout' might be defined to read:

"Unless a raid or an attack or an attempt thereat is in progress during a blackout and then to cover only for the actual damage caused by said raid or attack during stated blackout."

Mr. Knarr replied that "exclusion of liability for damage caused by blackout is not intended to exclude liability for

Watch Ohio Bomber Crash for Test of Fire-WDC Cover

Insurance men were keenly interested in the story in the Wednesday morning papers of the crash of a big army bomber at Newark, O., which damaged a two story apartment building and two private dwellings. THE NATIONAL UNDERWRITER was unable to learn immediately any details of the insurance carried on the damaged property, but there is a distinct possibility that this crash may help solve the current knotty problem of whether the extended coverage endorsement, the policy of War Damage Corporation, or neither of them, cover a loss of this type.

While this has been a highly controversial matter since the outbreak of war, the number of actual cases has been small. They are increasing, however, and undoubtedly will become more prevalent as the army air force expands and more student pilots are in the air at one time. A few weeks ago, there was a well established loss in Texas, but the owner of the property carried neither extended coverage nor war damage insurance. Sooner or later, however, a case will turn up in which the assured has both coverages and this should provide the answer. Since several owners and tenants were involved in the Newark crash, the probability of having both coverages is increased.

Question Avoided So Far

Pending such a case, most fire insurance companies have been avoiding a public issue. They are believed to have paid some losses quietly and in other cases the army, without admitting or assuming liability, has quietly repaired the

damage caused by enemy attack during blackout. Your understanding of the content and legal effect of the clause referred to is, therefore, in our opinion, correct."

damage, thus avoiding any insurance question. The government, however, would undoubtedly refuse to consider a subrogation claim by an insurer which paid such a loss and there is no way in which a carrier could bring suit against the government.

War Damage Corporation is a business corporation, distinct from the government and can be sued on its contracts, with no governmental immunity. Whether the insuring clause of its policy, covering against "enemy attack, including any action taken by the military, naval or air forces of the United States in resisting enemy attack," can be stretched to include training accidents is an open question, but it can and probably eventually will be decided by the courts. However, the WDC policy is strictly excess over any other insurance, so, even if it should be held to cover these training losses, WDC in all probability would resist payment of a claim of this type where the assured also has extended coverage, on the ground that the extended coverage endorsement also covers the loss.

Views of Both Sides

Some authorities believe that the war exclusion clause of the extended coverage endorsement excludes these accidents, on the theory that training operations are a part of war, even though they do not involve contact with the enemy. Others believe the famous Queen Insurance Company case, which held that aggravation of a peacetime hazard or removal of a peacetime safeguard does not constitute a war risk or even a "warlike operation," would induce any court to hold the company liable for such a loss. They argue that army airplanes and vehicles operate in peacetime and present a certain hazard, so that the aggravation of this hazard by war expansion puts the situation clearly under the doctrine of this case.

Privately and unofficially, many well informed insurance men believe that the first insurer to be sued will lose, whether it be a fire company or WDC. If this view should be correct, the exact insurance situation in any loss will be most important.



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KANSAS CITY
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Globe & Republic Insurance Company of America
Established 1862

Knickerbocker Insurance Company of New York
Organized 1913

Merchants and Manufacturers Insurance Company
of New York
Organized 1849

New York Fire Insurance Company
Incorporated 1832

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Losses paid exceed Two Hundred and Fifty Million Dollars

CHICAGO

AMERICA FORE OFFICE MOVES

The Cook County department of the America Fore group has moved into new and larger quarters in the Insurance Exchange building in Chicago. The space was formerly occupied by the Western department of Hartford Accident. This move will give the department about 25 percent more space, according to Earl B. Vickery, manager and secretary of the companies, and will also permit closer cooperation of the brokerage department under W. M. Aris and the Illinois loss adjustment department under W. B. Leith.

Hundreds of visitors inspected the new offices Tuesday and there was a great profusion of bouquets throughout the offices. The quarters have been efficiently laid out and the atmosphere is dignified and businesslike. The America Fore in the west is now thoroughly modernized, as the western department earlier this year moved into handsome new quarters in the Field building.

CHARLES HOE WITH EMMCO

Charles Hoe who resigned recently as assistant manager in Chicago for Fidelity & Guaranty Fire has joined Emmco and Emmco Casualty as fire underwriter in the Chicago office which is located in A-1859 Insurance Exchange. Mr. Hoe is very well known in the city. He was connected with F. & G. Fire for 13 years and prior to that was with North British & Mercantile six years in Chicago.

KEEPS BUSY OVER HOLIDAY

Harry K. Rogers, chief instructor of the Western Actuarial Bureau's fire prevention department in Chicago, spent his Labor Day week-end conducting a three-day civilian defense course in Wilmette, Chicago suburb. Over 100 attended. J. Burr Taylor of the bureau spoke at one session.

DEFER LUNCHEON OF DIVISION

The luncheon of the insurance division of the Illinois chamber of commerce which was scheduled to be held Oct. 8 has been deferred to some time in November. It was found impossible to secure a commitment for that date from the prominent speaker who had been selected.

ADJUSTERS MEETING SEPT. 10

The Adjusters Association of Chicago will hold its first fall meeting Sept. 10. A. B. Kilburg, Cook County Adjustment Bureau, is president.

Elmer J. Schafer, vice-president of Fred S. James & Co. of Chicago, and Mrs. Schafer have been vacationing in Mexico.

NEW YORK

CYCLOPEDIA IS OUT

The Index Publishing Company, 123 William street, New York, has issued the 1942 edition of the "Cyclopedia of Insurance in the United States," this being the 52nd annual issue. This is the foremost book of its kind in the country, being as the term implies, a volume of insurance information of various kinds, biographical, company information, etc. It costs \$3.

PLANT PROTECTION BROCHURE

The American Management Association, 330 West 42nd street, New York, "Common Sense in Plant Protec-

tion" was written by E. F. Gallagher of the Ohio Inspection Bureau, Lieut. Col. C. G. Richmond, internal security division War Department, Lieut. Commander S. J. Singer, office of the Secretary of Navy, R. A. Wisner, U. S. Steel Corporation, and H. E. Newell, National Board. The subjects taken up are: Importance of plant production, War Department's plant protection inspection service, industry's part in the civilian defense program, plant fire protection and prevention and plant protection—fire insurance company recommendations.

Some of the selected publications of the A.M.A. are "Insurance for the Protection of American Industrial Plants," "Trends in Pension Plans—the Future of Casualty Insurance Rates," "Case Histories in Loss Adjustment—Questions and Answers," and "Insurance Coverage in a War Economy."

WILL CONTINUE STUDY COURSE

The course of instruction open to employees of brokers and agents, which the Insurance Brokers Association of New York established two years ago, will be continued despite disturbed conditions resulting from the war. The fall classes will open shortly and will be held twice a month. The purpose is to educate office employees as on the many forms of coverage now available for the insurance

public, and suggest practical ideas to induce their sale. Specialists in the different classes will explain clearly the nature and extent of the particular coverage.

WAR CAUSES BROKERAGE SHIFTS

There appears to be considerable shifting about in the brokerage business of one account to another broker when the originating broker has entered the armed forces. Although an arrangement is usually made for servicing the business, the pressure on the insured to change over to another broker may be heavy and he may feel that another broker known to him will give him a better service now that his original broker is unable to serve him.

A broker with a \$40,000 premium account recently entered the army. This returned him approximately \$7,500 a year in renewal commissions. He hired a man to service his account, paying him 50 percent of his commission. By doing this, he is able to enjoy a good income above his army pay and keep his business pretty well intact until after the war is over. However, in the case of a smaller volume, such as \$10,000 premiums, it is somewhat doubtful whether there will be very much salvage left. Even though the same provision is made, the added compensation is not

apt to be sufficient incentive to exert as much effort in holding the business as in the other case.

SHOW UNPAID EARNED PREMIUMS

While the unpaid earned premiums due fire companies last March amounted to \$13,270, there was owing casualty companies at the same time, \$105,625, an increase of \$36,953 over that outstanding for the same month of 1941, according to a report of the Central Bureau. Just why the casualty offices experience greater difficulty in collecting premiums due them than fire offices is not apparent, unless it is that the average casualty premium is considerably greater than fire.

Cuyahoga Board Has Outing

The Cuyahoga County Board of Underwriters held a summer outing at North Olmsted, O., a family style chicken dinner being served. New trustees will be elected at the September meeting.

Spear & George in a new West Seattle local agency formed by Ray W. Spear and Jerry B. George.

A new local agency has been established at Sunnyside, Wash., by H. L. Miller and J. B. Harris. Mr. Miller has been in the agency business since 1920. Mr. Harris is one of the pioneers in the Yakima valley.

YOU NEVER KNOW WHO'S LISTENING

IT is the duty of every insurance man and woman, as it is the duty of every American, to be particularly careful what he says and where he says it. The insurance business is so closely interwoven with manufacturers of essential army and navy supplies, that it is natural those in the insurance business frequently know in advance of new plants, additional employees, vital machinery about to be installed, and similar information. Engineers, inspectors and claim men have intimate knowledge of men and machinery in many a plant which is a cog in the wheel of the machinery which is making America the Arsenal of Democracy. Don't tell all you know. Don't repeat any information about any risk in any public place. Don't give the enemy the tip-off. You never know who's listening. Your best friend may be the sort of a person who likes to show off his knowledge, acquired from you, by saying, "Why an insurance man told me just the other day . . ." Get the proper information to the proper authorities as promptly as possible. *But make absolutely sure it gets nowhere else.* Such warnings have appeared before and will appear again. They should be repeated again and again and again.

You Never Know Who's Listening



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NEWS OF FIELD MEN

Illinois Fire Enters Okla.: McClain State Agent

Illinois Fire has entered Oklahoma and has appointed William H. McClain of Oklahoma City as state agent. Mr. McClain for the last eight years has had charge for Millers National, the associated company, and henceforth will handle the state for both companies. Illinois Fire was purchased by Millers National in 1939. It will write fire and allied lines, automobile and inland marine in Oklahoma.

State Agent McClain completed 35 years as a field man in Oklahoma Aug. 1. He was born in Gainesville, Tex., and attended Polytechnic College, Fort Worth. He started in his father's agency at Purcell, McClain county. The county was named after his father, who was one of the state's pioneers. His headquarters are in the First National building.

Indianapolis Blue Goose Outing

The first fall meeting of the Indiana pond Blue Goose will be held at the Morris Park Country Club, South Bend, Sept. 17. A golf tournament in the afternoon will be followed by a dinner and a business meeting, including the initiation of a number of goslings. G. N. Schumacher, Hartford Fire, South Bend, is locally in charge of arrangements.

Sunflower Puddle Resumes

Monday luncheon meetings of the Sunflower (Wichita) Blue Goose puddle will be resumed Sept. 14 after a July-August suspension. W. S. Gibbons, St. Paul, big toad, has announced his committee appointments.

Kansas F. U. A. Meets Sept. 15

The next regular meeting of the Kansas Fire Underwriters Association will be held Sept. 15 in Topeka.

N. J. Field Club Meets Sept. 28

The New Jersey Field Club will resume its meetings Sept. 28 in Newark. The programs for the year will be of an educational nature.

Resume in Seattle Sept. 14

The Seattle Blue Goose will resume weekly luncheon meetings Sept. 14. E. W. Trenbath, most loyal gander, and G. A. O'Sullivan, past most loyal gander, will report on the Toronto grand nest meeting.

Plan Fire Prevention Program

The Southern California Fire Underwriters Association at its initial fall meeting in Los Angeles Oct. 6 will devote its program entirely to fire prevention, as that is the opening day of Fire Prevention Week.

Shannon With Great American

Donald H. Shannon has been appointed hail and farm special agent of Great American in Oklahoma. He succeeds the late L. D. Anderson. Mr. Shannon has been with the Rain & Hail Bureau in Kansas and Oklahoma.

Bedford Joins Farm Bureau

E. C. Bedford of the Cleveland office of the Ohio Inspection Bureau has joined Farm Bureau Mutual Fire of Ohio as special representative.

The new fire prevention film, "Fight That Fire," has been shown to several Kansas groups by the Kansas Fire Prevention Association.

The Louisiana Blue Goose has requested the other ponds to send each week to the LaGarde General Hospital of New Orleans a copy of the Sunday newspaper in the headquarters city of the particular pond. The message was signed by H. M. Holland, most loyal gander of the Louisiana organization. It

is suggested that the wielder of the pond look after this task.

The fire prevention committee of the Rocky Mountain Field Club will hold a town inspection at Riverton, Wyo., Sept. 15 and at Cody Sept. 17. J. Burr Taylor of the fire prevention department of the Western Actuarial Bureau will speak at the evening dinner at each of the two inspections.

The first fall luncheon meeting of the Minnesota Underwriters Association will be held Oct. 5 with Frank Sather, St. Paul Fire & Marine, taking over as president.

Ed Wirth of Tucson, Ariz., and J. H. Gosnell, Mineral Springs, Tex., two retired Minnesota field men, have been in the Twin Cities renewing acquaintances. Mr. Wirth formerly was state agent of National Fire and Mr. Gosnell state agent of New Hampshire.

Lawrence, Kan., will be inspected Sept. 29 by the Kansas Fire Prevention Association. H. K. Rogers, Western Actuarial Bureau, Chicago, will talk.

N. K. Nelson, Topeka, Kan., state

agent of Great American, is conducting a first aid class for auxiliary firemen.

The Wichita Blue Goose Auxiliary resumed its monthly luncheon-bridge meetings Sept. 9 with Mrs. C. C. Crow as hostess, assisted by Mrs. W. F. Ehret and Mrs. L. J. Stubbs.

Alabamans to N. A. L. U. Meet

BIRMINGHAM—The Alabama delegation to the National Association of Insurance Agents convention in Chicago will include Ed. H. Moore, president of the state association; Charles L. Gandy, national councillor; M. R. McGruder, secretary-manager; Joseph F. Bullock of Mobile, former president of the state association, and possibly others.

Membership Drive for Adjusters

The National Association Independent Insurance Adjusters is launching a membership drive, Lynn A. Horton, secretary, announced. Ross Whitney of Whitney & Miller, Chicago, was named chairman of the committee in charge of the drive. Other committee members are Henry Gimling, Los Angeles; M. M. Johnson, Fort Wayne, Ind., and Julian Calhoun, Spartanburg, S. C.

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INSURANCE MEN IN ARMED SERVICES

R. Bruce Miller, assistant secretary of North America attached to its marine department, has been commissioned a lieutenant-commander in the navy. Mr. Miller, who is a graduate of the U. S. naval academy, has been associated with North America since 1925.

E. S. Page, Jr., fire manager of North America's metropolitan Philadelphia office, has been appointed a captain in the army air corps. He left for Miami to complete his training. Mr. Page, who has been with North America 19 years, is a graduate of Princeton University. He served overseas for 11 months in the last war with the American Red Cross. To date, approximately 245 employees of the North America companies have gone into the armed services. Among them is **John A. Diemand, Jr.**, son of North America's president, who recently was promoted to lieutenant (j. g.) in the navy, after having served as an ensign.

Louis Lippman, Atlantic City local agent has been made a major in the adjutant general's office in Washington. His agency has been merged with that of Joseph Soloff of Atlantic City for the duration.

Carl Lively of the Columbus office of the Ohio Inspection Bureau has entered the Fifth Service Command at Columbus. He will do inspection work. **Harry Perlet** of the same office is attending a safety school in Chicago for six weeks and will then enter the service to do fire prevention work in powder factories throughout the United States.

Edward T. Kenney, assistant superintendent in the accident department of Employers Liability in the home office, has joined the army air force and is now stationed at Miami.

R. D. Hartley, who has been associated with his father, Earl M. Hartley, Winfield, Kan., local agent, has gone into military service.

Robert Hedges, Wichita, Kan., local agent and son of Bert A. Hedges, B. M. A. manager at Wichita, is expecting to enter military service shortly.

John Gaffney, office manager for Frank Burns, Seattle general agent and reinsurance executive, has joined the navy as lieutenant, senior grade.

During the absence of **John Shields** of Enid, Okla., who has been called to the colors, his local agency will be managed by Mrs. Leota Butthod.

John M. Littlefield, who with Arch Fulcher conducted the Tahlequah Abstract Company, Tahlequah, Okla., has been called into service. The agency will be continued by Mr. Fulcher.

W. C. Bronson, manager of the insurance department of the Albert Mager Agency, Oklahoma City, has entered the officers training camp at Fort Sill, Okla.

E. Lee Curry of the Fred Fox Co. local agency, Oklahoma City, has reported for duty for training in the navy at Norfolk, Va.

Gordon Wood, Sasakwa, Okla., local agent, has entered the service.

Two more members of the **Insurance Board of Cleveland** have been called into service. **Donald S. McBride**, partner in Wilson McBride & Co., has been commissioned a first lieutenant in the air corps and **W. D. Gorton** of Lenihan & Co. has been commissioned a lieutenant in the navy.

John H. DeCourcy, local agent of Portsmouth, N. H., has been commissioned an ensign in the navy and has reported to Cornell University for training.

The **J. M. Wilson** office, well known Kalamazoo, Mich., general agency is flying a service flag with nine stars. The latest addition to the armed services is **Gordon Ferguson**, eastern Michigan field man, who has just reported to New York as a lieutenant (j. g.) in the navy.

Don Coates, publisher of the "Insurance News Graphic" of Dallas, has been sworn into the marine corps as an en-

listed specialist. He served with the marines in the first world war.

Lieut. Commander **Hamilton Love**, former southern manager of Accident & Casualty, with headquarters in Nashville, has been recalled from San Juan, Puerto Rico, where he was aide to Vice-Admiral John H. Hoover, to the United States and will receive training in a mine warfare school. He graduated from Annapolis in 1925 and remained in the navy until 1928.

J. D. Hartline of Chicago, special agent for Marine Office of America, has been commissioned an ensign in the naval reserves and has been instructed to report at Princeton University for an indoctrination course Oct. 1. He has been with the Marine Office four years, traveling northern Illinois, Wisconsin, and Iowa.

Legion "Men of the Year"

Three insurance men have been named by their states as American Legion "men of the year" as candidates for the \$1,000 Lewis S. Rosenstiel award

First Woman Head of State Association

Mrs. Ada Brewer, Silver City, N. M., has been named president of the New Mexico Association of Insurance Agents. She succeeds Frank Martin of Albuquerque. She is the first woman to be elected president of a state association. She is one of the charter members of the New Mexico body.

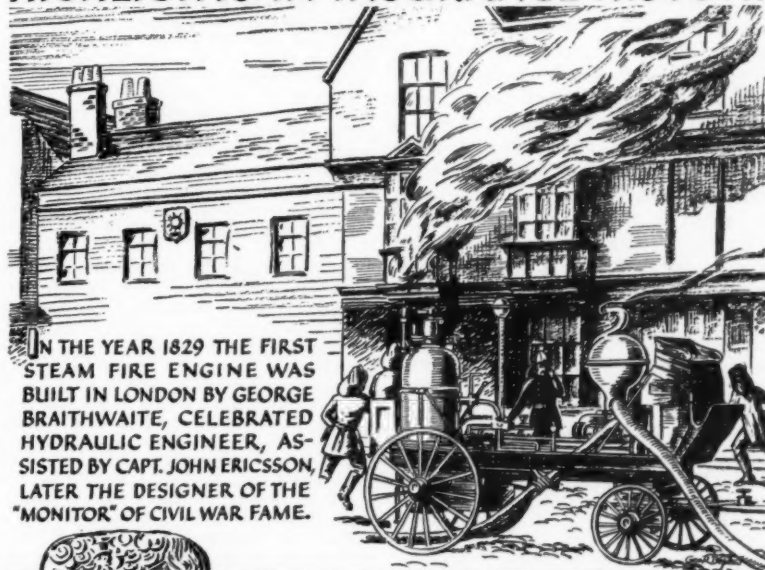
which goes to the legionnaire who has performed the most useful community service during the past year.

The award, given annually by Mr. Rosenstiel, board chairman of Schenley Distillers Corporation, will be presented to the national winner at the legion convention in Kansas City in September.

The three men selected are: Harry M. Gambrel of the Gambrel-Stubbs agency, Kansas City; John J. Riley, Riley & Co. agency, Sumter, S. C., and Clarence R. Smith, C. R. Smith, Inc., general agency, Penn Yan, N. Y.

All of these men have notable civic and patriotic records in their home states.

HIGHLIGHTS IN INSURANCE HISTORY



IN THE YEAR 1829 THE FIRST STEAM FIRE ENGINE WAS BUILT IN LONDON BY GEORGE BRAITHWAITE, CELEBRATED HYDRAULIC ENGINEER, ASSISTED BY CAPT. JOHN ERICSSON, LATER THE DESIGNER OF THE "MONITOR" OF CIVIL WAR FAME.



appeared on the building would fight the fire, while the others, instead of assisting, either left or stayed to watch and often jeer the efforts of their competitors.

About the same period in England, fire brigades were maintained by individual insurance companies. In order to distinguish insured properties of one company from another, the Fire Mark was created. This identifying symbol was made of lead and affixed to the front of insured buildings. A fire alarm brought all brigades to the scene to see which company had insured the property. The brigade whose company's Fire Mark

Fire insurance has come a long way since the days of Fire Marks and 10-horse power steam engines. To insurance agents goes much of the credit for propagating knowledge of its value and availability to all. Agents representing the National Union and Birmingham

Fire Insurance Companies find sympathetic understanding of their problems everywhere in the organization. Modern facilities and cooperation to the fullest extent help those who seek to make the most of present-day opportunities.

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The Eagle Fire Company is proud of these men! They are proud of the many agents who are contributing valuable knowledge and experience to help industry keep 'em rolling off the assembly lines—swiftly and efficiently.



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including Moulton Green, vice-president Kansas City F. & M., C. J. Wintrol, Wichita, state agent Royal-Liverpool.

Francis F. Ludolph, secretary-treasurer of the San Antonio Insurance Exchange, has just celebrated his 33d anniversary as a local agent. In attending the annual and mid-year meetings of the National Association of Insurance Agents, Mr. and Mrs. Ludolph have visited every state in the Union, except four. Mr. Ludolph for years has presided at the piano for the opening of each national meeting.

P. J. V. McKian, Western Actuarial Bureau publicity man in Chicago and for many years wielder of the Illinois Blue Goose, is back on the job after having been incapacitated for 4½ months as the result of an accident.

DEATHS

A. P. Lovett, 86, who retired about eight years ago as state agent in eastern New York for Fire Association, died in Boston. At the time of his retirement he had been connected with Fire Association nearly 50 years.

Mrs. Olivia E. Barnum, wife of Raynolds Barnum, well-known local agent of Kansas City, member of the firm of Mann, Barnum, Kerdolff & Welsh, died

there after a long illness. Funeral services were held Wednesday afternoon. Mrs. Barnum was a woman of many charms. Her husband was general chairman of the local arrangements committee at the time of the annual meeting of the National Association of Insurance Agents in his city.

One of the officials of the Life Members Society of the old Northwest Association who will not be present at the luncheon in Chicago next Monday to prepare for the annual meeting is **Gustav Schemann**, local agent in Detroit, who died a few weeks ago. He was born in 1873 and was a clerk in the office of his father, Karl Schemann, in Detroit from 1889 to 1897. He served as Michigan state agent of Milwaukee Mechanics from that date to 1905 and then occupied a similar position with Connecticut Fire for 15 years. He was a charter member of the Michigan Association of Insurance Agents, conducting a local agency along with his field work. He was vice-president of the Life Members Society.

N. E. Hubbard, vice-president of the Hubbard-Dudley Company agency, Battle Creek, Mich., died suddenly there.

Frank M. Whitney, 54, assistant manager Heber J. Grant & Co., general agent of Utah Home Fire and other companies, died suddenly of a heart attack while in the office of the U.S.F. & G., Salt Lake City. He started with the company as solicitor in 1911, working his way up to secretary, assistant manager and director. He was well and favorably known throughout the west.

W. Gray Granville, 56, secretary-treasurer Ed. D. Smith & Sons Agency, Salt Lake City, died from cerebral hemorrhage. He was a native of Sedgwick, Kan., and went to Salt Lake City in 1900. He has been connected with the Smith Agency and the First Security Corporation, of which he was vice-president, since 1920.

Jerry Donovan of Columbus, O., brother of E. L. Donovan of Chicago, chief special agent for the National Board, died this week.

H. J. Schade, 66, for 30 years with the Matt T. Mancha agency in Los Angeles, died there following 14 months illness.

H. F. Schmidt, 90, for 38 years secretary of Terre Haute Mutual, died in Terre Haute, Ind.

D. W. Colson, 75, local agent at McCook, Neb., since 1909, is dead.

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COMPENSATION ENGR. & FIELDMAN familiar with manual-capable of production work in addition to duties as Engr. Excel. future—Salary dependent on ability—Large stock Casualty Co.

JR. ACCOUNTANT for Large Fire Ins. Co. Unusual future for man accepted. Must have favorable draft status. Salary.....\$130 to start

FIDELITY & SURETY BOND UNDERWRITER—stock Co. Must be aggressive with production ability, capable of taking charge of department. Salary depends on ability.

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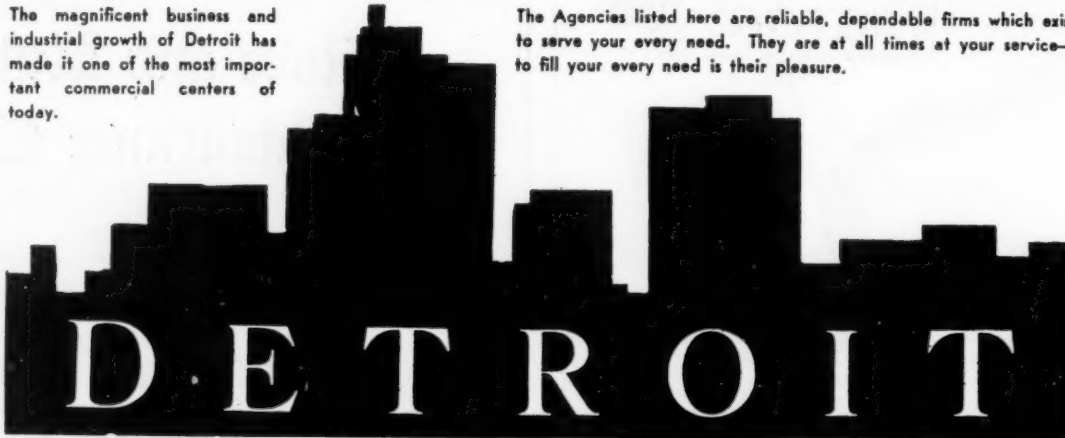
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CONSTITUTION DEPARTMENT	SPRINGFIELD, MASS.
SENTINEL FIRE INSURANCE COMPANY	SPRINGFIELD, MASS.
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Secretary-Treasurer

Michigan Agents Hold War Parley

Ask Fire Carriers to Write 80-20 Collision Form

Michigan Agents Also Lay Plans to Amend State Responsibility Law

The recommendation of the automobile study committee of the Michigan Association of Insurance Agents that the automobile departments of the fire companies provide the 80-20 participating collision form was strongly endorsed by the association and the matter will be



A. I. DREIFUS

pushed with the companies by the conference committee.

Immediate action to prepare for amending Michigan's financial responsibility law, to put teeth in it along the lines of New Hampshire and New York, will be taken by the association at the instigation of the automobile committee. An amended bill will be drawn and then the support of bar association, legislators, and state candidates will be sought.

Report Is Acclaimed

The committee report, presented by its chairman, Alfred I. Dreifus, Detroit, reflected a lot of thought and study, and was one of the strongest papers on the program.

Providing 80-20 collision coverage by the fire companies was recommended as a competitive measure. Unless this is done, agents may find themselves in a very unfavorable position. With the outlawing of the convertible form by the insurance department last year, the participating cover has been pushed, and specialty companies now are writing a considerable amount of it, Mr. Dreifus said.

Don't Like It, But Need It

The participating form compares unfavorably with deductible forms, and if made available by fire companies, agents should write it as little as possible, Mr. Dreifus commented. A multitude of small, inconsequential losses not experienced under deductible forms can be expected. This is serious, especially with growing personnel shortages. Loss adjustment expense will increase because

Accident Prevention Is Real Service to Nation

Accident prevention work can be one of the few real contributions of agents to the war effort, and it can, at the same time, lead to new business that will offset some of the agency income lost because of the war, Archie Millard of Grand Rapids told Michigan agents at Mackinac Island last week. Mr. Millard is chairman of the National Association of Insurance Agents accident prevention committee.

The agent has been talking about accident prevention in too general terms, he said. Today he must be able to make concrete safety suggestions and to answer assured's questions with definite procedures. To do this he must know his subject thoroughly. He has to spend some time in study, and Mr. Millard suggested that if necessary he might have to give up a few golf games to get the job done.

The "8 to 1" Ratio

It has been estimated that to keep the modern soldier well equipped in the field in this war requires the labor of eight persons. If there is to be a 10,000,000-man army, that means 80,000,000 workers—and there aren't that many. The alternative is to keep those who are working on the job, to prevent their injury by accident. That is the agent's job in the war, and it is an extremely vital and significant one, he said.

The agent should not find it difficult to get started. Much already is being done. The Committee for the Conservation of Manpower in War Industries, which bureau insurance companies are supporting, has a comprehensive national setup.

One of the primers on safety is the pamphlet, "The Worker's Safety and National Defense," put out by the department of labor. Mr. Millard has distributed this widely, with his agency's imprint. If the agent wants to go further, the casualty carriers put out books on industrial safety which will give the

it costs as much per claim to handle minor claims as it does large ones. Claim expense can't be reduced unless companies expect to provide full cover at the participating premium. But it is essential if agents are to meet competition.

The Michigan financial responsibility law now provides that revocation of

(CONTINUED ON PAGE 17)

agent a means of approach to plant management. There are many books on the subject.

Much can be learned by the agent from his casualty company's safety engineers. Mr. Millard has made it a practice to go around with them when they inspect properties and ask questions. He gets from them a written report on the things that are wrong, and then takes these recommendations back to the management.

One agent asked how he could get into one of the safety engineering courses now being conducted widely over the country. Most of these, sponsored by the committee to conserve manpower, are given through the state college or university, he said.

The agent can perform a service and gain entree by telling the management of local war industries that the provisions of the Walsh-Healey act applies to all prime and subcontractors, and the safety provisions of that bill are printed on the back of each contract. Many do not know this. These provisions require that fire and accident prevention measures be observed, and failure to give the items consideration may lead to voidance of the contract. The provisions also appear on purchase order forms that go to suppliers of government materials.

Many Plants Without Program

He was asked about the large plant which has its own safety engineer. Mr. Millard suggested learning what he is trying to do, his problems; ask him questions first, tell him what others are doing. However, there are a vast number of small plants in the agent's town that have war work, and that haven't a safety engineer. Many of them do not have a safety program, and welcome assistance in getting one started.

Safety can be sold on the basis of economy of operation. It improves experience, lowers rates, and saves that part of the waste that attends accidents and that is not covered by insurance.

There is a business opportunity in accident prevention work, he said. A good deal of his own business is made up of premiums that came to him because people know him as safety man, he said.

There was a great deal of interest in Mr. Millard's thesis, and a number of questions were asked, many of them of a practical, definite nature.

Spirited Program Is Presented at Mackinac Island

Much Interest Evidenced in N.A.I.A. Changes; H. R. Gordon Views A. & H.

NEW OFFICERS ELECTED

President—Arno R. Schorer, Kalamazoo.

Vice-president—Carl F. Trager, Lansing.

Treasurer—Edward R. Moore, Port Huron.

National councillor—George W. Carter, Detroit.

Secretary-manager—W. O. Hildebrand, Lansing.

New members, executive committee—Russell A. Bradley, Ann Arbor; H. W. Huttenlocker, Pontiac; Glenn W. Power, Traverse City; John P. Old, Sault Ste. Marie; Fred A. Roper, Menominee; Harry E. King, Calumet.

By KENNETH FORCE

Ways in which to help along the war effort and how to solve some of the problems injected into their own business by the war occupied members of the Michigan Association of Insurance Agents at their annual convention at the



Guy M. Cox



E. R. Moore

Grand Hotel, Mackinac Island, last week.

The war sharply curtailed attendance, but agents who made the trip were well rewarded with a program of excellent, practical talks geared to current trends and difficulties in the business.

The election advanced Arno R. Schorer of Kalamazoo to the presidency to succeed Guy M. Cox of Iron River, and Edward R. Moore of Port Huron took his place in the line of succession as treasurer. The meeting was a joint one with the upper peninsula regional association, and there were a number of north Michigan members on hand.

Agents evidenced considerable interest in the forthcoming Chicago convention of the National association, and many indicated they will attend. The Michigan executive committee expressed approval of the new national constitution. President Schorer will represent the association at Chicago with full power to act on the proposed changes.

George W. Carter of Detroit, national councillor and chairman of the conference committee, was unable to attend the state meeting. He has been ill, and only now is able to be back at the office half days. However, he reported by letter, which was read by W. O. Hildebrand, secretary-manager. Mr. Carter plans to take up with the companies at Chicago the 80-20 participating collision



A. R. SCHORER, Kalamazoo
New President



CARL F. TRAGER, Lansing
Vice-president

form and the need for a divided extended coverage endorsement, one with windstorm and one without. This division is needed in order to remove the restriction under the standard fire policy because of loss from riot and also to provide for damage from falling aircraft, Mr. Carter wrote. In addition, full insurance to value for windstorm coverage is not recognized as essential in many sections of Michigan.

Michigan War Damage Setup

The placing of \$130,000,000 of war damage insurance on Michigan state properties drew the commendation of association officers and members. Secretary-Manager Hildebrand was largely responsible for the job. Commissions from the business, which produced approximately \$107,500 of premiums, goes into the association treasury, and Carl F. Trager, Lansing, outgoing treasurer, reported it would balance the books. The coverage was written on schools, liquor stores, jails, and even the state ferries. Michigan is said to be the first state fully covered against war damage, and some of the local boards followed the state's lead by handling the line as a board matter, putting the commissions in the board treasury. There was a great deal of work involved. For one thing all the state values had to be figured because few state departments know their values. Mr. Hildebrand received able assistance in the job from L. H. Moore, chief rater of the Michigan insurance department.

Gogebic County Wins Trophy

The George Brown trophy, presented to the local board with the outstanding record of the year, was won by the Gogebic county association. In addition to its usual activities and a lot of war effort, the association sponsored the formation of an insurance women's group. David D. Reid, president of the Ironwood board, and Margaret Weymerskirch, secretary of the Gogebic group, Bessemer, accepted the trophy, which was established in honor of George Brown, for many years secretary of the Michigan association. J. W. Mundus, Ann Arbor, made the presentation. Kalamazoo has asked for the state convention in 1943. It has been a practice generally followed to hold conventions in the home town of the president.

UPPER PENINSULA

Escanaba was selected as the next meeting place of the upper peninsula association, and the new officers are all from that city: Arthur Goulais, president; O. V. Thatcher, vice-president, and B. W. Hall, secretary-treasurer.

There was spirited discussion of unprotected risk regulations and defense area insurance problems at the regional session. John P. Old, Sault Ste. Marie, retiring president, said that curtailment of tire use and possible gasoline rationing will lead companies to regard even more skeptically insurance on businesses out along the highways. Summer resorts probably will be satisfactory risks if reached by railroad. There was an increase in the business of such resort centers this year.

A big defense area problem is the increased danger to lives and property because of airplanes, barrage balloons, etc. Mr. Olds said. There is even more of a question as to coverage of barrage balloons under extended coverage than in the case of airplanes. There are many of these balloons at the Soo, and occasionally one will break its cable and float with cable dragging. A school house was damaged in this way, and proof was accepted by the several companies involved.

Two highlights of the state conven-

Big Factors in Michigan Association



GEORGE W. CARTER, Detroit
National Councillor



W. O. HILDEBRAND, Lansing
Secretary-Manager

tion were the report of the association automobile study committee by Alfred I. Dreifus, Detroit, and the forum discussion on accident prevention led by Archie B. Millard of Grand Rapids. Agents were impressed also with the talk by Walter H. Bennett, counsel of the National association, who struck vigorously at company failure to defend the business in face of attack, and by the paper of George Bortz, manager of Fidelity & Deposit, Detroit, on "The Place of Suretyship Under War Conditions."

Banquet Attendance 275

Capt. Don Leonard of Michigan state police gave a stirring talk at the banquet, which was attended by 275. Frank Cordero, first deputy of the insurance department, substituted for Commissioner Berry, who could not attend. Charles Crane, director of the department's agency license division, spoke briefly.

On Saturday the Aetna Casualty film, "Say It in English," and a London bombing film were presented by the Michigan police. Henry D. Wilson, Grand Rapids, reported on the proposed new National association constitution, and Mr. Schorer on the group hospitalization plan for the association. Mr. Schorer said the plan now was awaiting approval by the Michigan department.

The association has now gotten out a revised and enlarged book on license qualifying examination questions and answers, approved by the Michigan department. Copies can be secured from Mr. Hildebrand's office in Lansing.

E. R. Moore Has Large Agency

Mr. Moore, who moves into the line of succession as the new treasurer, is owner of the Moore & Wright Company, Port Huron, one of the largest agencies in the state outside of Detroit. He entered the business in 1923, after finishing school, and he has been active in association affairs ever since he became an insurance agent. His agency has a large number of industrial accounts.

Mr. Schorer, who heads the new official family, entered insurance in 1916 as a group supervisor for Travelers out of the home office. In 1923 he resigned to open the Schorer agency in Kalamazoo. He has been a member of the executive committee since 1938 and has served several terms as vice-president of the Kalamazoo board. He is particularly proud of the Kalamazoo association. It is a closely knit, active group that has gotten much accomplished, and he believes the same principles can be applied in state work.

Carl Trager of Lansing, new vice-president, has been active in the state association 15 years and has served on the executive committee about 10 years. He formed the Trager agency upon

graduation from the University of Michigan 20 years ago.

ACCIDENT AND HEALTH

To underwrite and sell accident and health coverage properly, Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, said, it is necessary for the local agent to understand its diversification and some of its characteristic and fundamental differences as compared to fire or casualty lines. Due to difference in the economic status of the accident and health risk, there are a variety of accident and health policy forms. The commercial and non-cancellable policy is sold primarily to the business or professional type of risk. The monthly premium and weekly premium industrial policy more nearly fits the need of the industrial or manual labor type of risk. In addition there is a rapidly growing line of group and franchise disability coverage being sold to all risks. This new form of coverage possesses an advantage not only to the purchaser in the more liberal coverage and lower rate but can be handled more economically and advantageously by the agent because of mass buying. Hospitalization is another new coverage that is rapidly growing.

Few A. & H. Claim Complaints

It is an erroneous belief, Mr. Gordon asserted, that difficulty in settling disability claims will adversely affect a casualty or fire agent's business. A recent survey of claim complaints filed with insurance departments of 11 states representing one-third of the business of the country showed an average of only 12 complaints on accident and health policies presented for each 10,000 claims paid. The basis of all accident and health contracts is loss of time and if this can be understood by assured at the time the policy is issued, he will have no misunderstanding when he presents a claim for payment.

The war has affected accident and health selling, he said. Greater employment results in a greater spread of prospects. Higher wages and scarcity of many commodities mean greater ability to buy protection. Agents have had to adjust their selling methods to meet the shift from white collar occupations to industrial, war time production.

But perhaps the most important war time change has been the increase in the number of women in business and industry. Nearly three times as many women, including professional workers, semi-professional workers, managers, executives, clerical and sales people and war production workers are now employed than were employed three years

Sidelights from the Michigan Meeting

Clyde B. Smith of Lansing missed his first convention in 25 years. Mr. Smith, who served two terms as state association president and is a past president of the National association, is saving tires and had a rush of business.

Prentiss M. Brown, agent of St. Ignace and now a member of the U. S. Senate, was prevented from appearing on the program by the pressure of official business in Washington. He served as vice-president of the upper peninsula association the past year.

The boat from Detroit which brought a number to the convention, including Walter Bennett, was two hours late due to fog on its preceding down trip.

Fred L. Winter, Muskegon, headed the resolutions committee, and Fred Roper, Menominee, nominating.

Harry E. King of Calumet, who led the singing of the "Star Spangled Banner" to open the convention, is the leader of the "Copper County Quartet," and has been in it 25 years. It has quite a reputation.

Harold R. Gordon, secretary of the Health & Accident Underwriters Conference, who appeared on the program, recalled on entering the Grand Hotel that it was just 19 years before in the same week that the conference named him to that post in a meeting in the same hotel.

Gilmore Streckes, son of Hugh B. Streckes of the Streckes agency, Charlotte, and formerly associated with the firm, was on furlough and attended the convention. He is a sergeant in the army air corps.

An inscribed gavel was presented Guy M. Cox, retiring president, by the association. David A. Forbes, Grand Rapids, made the presentation.

This was the first time the convention was held at Mackinac Island and the first time it was a joint meeting with the upper peninsula association.

The memorial to John P. Old, Sr., Sault Ste. Marie, and other members deceased the past year, was read by James M. Crosby, Jr., Grand Rapids.

The roll of honor, containing the names of 28 members of the association, was on display from the platform throughout the convention.

W. H. Moeller, state agent of London & Lancashire, had a birthday anniversary at Mackinac Island, and several agents and company men serenaded him in the lobby.

Representatives of several companies were on hand to greet agents: Aetna Casualty, American Auto, Emmco, Fire Association, Hartford Accident and Hartford Fire, Home, London & Lancashire, Maryland Casualty, Michigan Surety, National Fire, National Surety, Royal-Liverpool, Standard Accident and Wolverine, Earl Gibbs, western manager of Boston and Old Colony, Lansing; D. L. Jones, superintendent of agents of Ohio Farmers, and J. W. Burden, assistant manager Hartford Fire, western department, Chicago, attended.

ago. Civilian employment by women has taken place in local and state governments, transportation, hotels, restaurants, banking, office employment, retail and wholesale establishments.

Health insurance should be sold by the casualty agent, Mr. Gordon believes, because the wage earner's income is dependent upon protection against sickness even more than against accident. No fire agent would insure only part of a building against loss by fire. Sickness insurance has been successfully written for years, the only unfavorable experience being due to a lack of understanding on the part of the agent in explaining the coverage to the policyholder and the issuance of too large indemnities.

Guy M. Cox's Report

In his annual report President Cox said that membership increased the past year from 542 to 552. He recommended elimination of the association's sustaining fund, continuation of the state educational program led by H. Thompson Stock of Detroit, and elimination of part time and unqualified agents. The executive committee, he said, unanimously went on record requesting every agent to participate in Fire Prevention Week this year.



John P. Old

Ask Fire Carriers to Write 80-20 Collision Form

(CONTINUED FROM PAGE 15)

driver's license, or license plates, or both, does not occur until an unpaid judgment is certified by the court to the license division of the state, which may be months, or several years, following the accident. The New York and New Hampshire laws provide for immediate suspension of license unless and until driver provides evidence of financial responsibility.

Lower Rates Not Yet Merited

There does not appear to be merit to a demand for lower automobile rates at this time, Mr. Dreifus stated. One company reports that for the first six months in Michigan premiums were about the same; claims decreased 24 percent in number but amount of claims rose 5 percent. Bodily injury claims decreased 20 per cent, amount of losses decreased 9.5 percent. Property damage claims decreased 28 percent, amount of losses increased 1 percent.

As time goes on there will be fewer cars on the road driving at slower speeds, he said. This may outweigh increased hazard of driving on constantly thinner, poorer tires, but that and the whole question of the future is a guess.

Competition Will Adjust Rates

Competition is likely to solve the matter of rates being adjusted quickly to a better loss ratio, Mr. Dreifus believes. Companies are watching the loss trend from day to day and will be anxious to replace any business lost because of laid-up cars by lowering rates whenever that is indicated.

While the future of the automobile business is gloomy, so far, except for financed business, the average agent's auto business up to now has not declined. Some business has been lost on assured entering service, but this has been more than offset by much new business. One source of new business is the purchase of two or more cars in the same family to provide more tire mileage for the family's transportation and to hedge against gasoline rationing—perhaps each can get a separate allowance. Agents have got business on cars going out of financing. Much of this new business will stay with the agent, if properly serviced, no matter how cars are financed after the war.

The subject of convertible collision has been reopened in recent weeks and effort has been made toward legalizing the coverage. The move came from a labor union and a newspaper reporter who wanted to continue to buy the insurance but couldn't, Mr. Dreifus said. The insurance department is against it.

Towing Cover Here to Stay

As tires get thinner there will be more road service calls, one agent said. Mr. Dreifus said he believes the towing coverage is here to stay and that there probably will be no hedging by the companies against the possibility of increased losses.

Another agent has an assured who went to Florida. She stored her car, putting the tires in the house. Does the automobile cover follow the tires in this case?

Up to Each Company

Mr. Dreifus said his opinion is that it does not, but that each company should be consulted as to its attitude when the situation arises. An agent suggested that since assured was giving the tires more protection than they would have if left on the car, the companies should extend the coverage. He suggested endorsing the policy and seeing what the company does. Few companies would reject such an endorsement at the present time, he believes. Serial numbers of the tires should be incorporated in the endorsement. In

Detroit 30 percent of stolen tires have been recovered by assured.

The huge **Grand Hotel**, where the convention was held, is now 100 percent insured in stock companies. A year or so ago it installed a sprinkler system and reduced its rates 90 percent.

Assails Companies for Silence

(CONTINUED FROM PAGE 1)

the agents' interests, when this plan was being put into effect?" Mr. Bennett asked. Was the National Bureau of Casualty & Surety Underwriters on hand to protect their interests?

The National association is interested in keeping the agency system alive, he said, to salvage it from these forces, these developments that are threatening it. The Chicago convention program is built around this objective. The proposed new constitution will create a more republican form of government for the association, and will give to state organizations their share of responsibility. It will put into effect democratic processes; it should revitalize the organization.

In closing, Mr. Bennett warned agents that some companies "are aching to get hold of the production of premiums" so that they can do business with the public direct. Agents should prepare "before it is too late."

Take Care of Men in Service

Employees of Phoenix-London group are not forgetting the men from their organization who have joined the armed forces. There is a well organized plan for corresponding with the men and sending them checks at regular intervals for cigarettes or other personal items. The checks are forwarded near the end of the month, about a week before pay-day, when the money is most welcome. Books and other articles have also been sent but the company has found that in most cases money is preferred. It is raised by the employees through bridge parties and other affairs.

As each man leaves for the service his name is placed on a plaque. There are now 84 names. The whole plan handled by the Employees' War Fund, has been very enthusiastically received, as the letters which pour in clearly indicate.

Prof. R. E. Elliott Speaks

WICHITA, KAN.—Roy E. Elliott of Wichita University, C. P. T. P. coordinator of the air corps training course there, was the speaker at the Wichita Association of Insurance Agents meeting this week. The Wichita Board has carried the insurance coverage on the equipment so is air minded and appreciative of the inside information given by the speaker. V. G. Henry, president Kansas Association of Insurance Agents, and past president of the Wichita association, announced the dates for the annual convention of the Kansas Association Oct. 7-9 at which the Wichita Board will be host. Elmer Beezley of Beezley, Webb & Outland has been named general convention chairman.

Arrange for N. Y. Course

NEW YORK—As a part of its fall educational program beginning shortly after Labor Day the Insurance Society of New York will offer two short courses, one on fire insurance and the other on liability and compensation, designed particularly for new personnel. The fire insurance course will take the student from the time the application is received at the home office and familiarize him with the details of operation until the issuance of the policy. It will be given twice a week in 1½ hour periods over a month's time. Registration is \$10.

The liability and compensation course will familiarize the student with the manuals and supply him with the knowledge necessary for rating or policy checking and policy writing.

GREETINGS

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The NATIONAL UNDERWRITER

September 10, 1942

CASUALTY AND SURETY SECTION

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New War Contract Bond Setup Gets Good Response

Standing of Sureties Is Enhanced and Doubts Are Removed

The agreement between the Towner bureau companies and the War Department for handling contract bonds, involving a deep slash in rates and commissions, is being accepted in good spirits by company executives and agents alike. Most of the producers feel that under the new scale of commissions with a ceiling of \$5,000, they will be operating on a narrow margin which is very close to the patriotic 5 percent level of the producer of War Damage Corporation policies. Some of the agents who have been watching the developments closely had hoped that the War Department might accept the same plan as the Defense Plant Corporation which gets a rate of \$7.50 for performance and payment bonds upon which a commission of 15 percent is paid, but the War Department was very adamant in its position and it is believed that it insisted for some time on an even more advantageous arrangement. It is understood that the War Department negotiators for some time contended that the top commission should be \$1,000.

Gain in Standing

The fact that under the new understanding surety bonds have a recognized standing in the estimation of the War Department is a big gain. Since May 28, the situation has been unsatisfactory because on that day the War Department issued instructions that local contracting officers were given discretionary power to waive contract bonds. Even though there was little evidence that the contracting officers were deciding to waive bonds in large numbers, the situation was menacing because the possibility existed that the sureties would be called upon to furnish bonds only for the most questionable contractors.

Under the new arrangement the contracting officer may waive performance bonds and under rare circumstances may even waive payment bonds, but for practical purposes it may be said that payment bonds are to be required. Also it is assumed that in the actual working out of the program, performance bonds will be called for along with payment bonds except for a contractor of unusually high standing. Most of the contracting officers, it appears, feel timid about waiving surety bonds. Some of them say that they do not feel competent to analyze a financial statement and they fear they would be subject to censure if they should make a mistake in judgment.

It is very uncommon in the surety field to have a request for a payment bond alone. When only one of the two types is required, it is usually the performance bond rather than the payment

(CONTINUED ON PAGE 26)

Surety Business Aids War Effort

George Bortz of F. & D.
Details Some of Activities
at Mich. Parley

The surety business has been able to make some direct and valuable contributions to the war effort, George Bortz, manager of Fidelity & Deposit, Detroit, said in his talk on "The Place of Suretyship Under War Conditions" at the Michigan Association of Insurance Agents convention last week.

It is in the practice of the government in advancing money to manufacturers to permit expansion that the surety people have done their most effective work in helping along war production, he said.

Advance Payment Bond

The government has always insisted on an advance payment bond where advances are made, in order to prevent diversion of the money. A surety company or accounting firm acts for the government in establishing accounts in banks and payment of the funds for the purpose specified. The surety is in effect a performance or escrow agent. Some agents are acting in this capacity.

Mr. Bortz illustrated with a particular case. A manufacturing company had very limited capital, but it knew how to manufacture a war product. The agent and surety man arranged for capital. They developed all the information possible on the individuals in the company, their experience, technique and knowledge; on the inventory of the plant, its machinery, etc. They arranged to have the necessary addition to capital underwritten, then went to the navy and persuaded it to issue a special contract. The navy advanced the money, with an agreement under which payment of the money was controlled by the surety. The agent acted as joint control custodian with the bank and surety on expending of the funds. The manufacturer completed the job, and is ready to go ahead on others.

Unique Fidelity Services

In the fidelity field the surety business entered the war with better contracts than ever before, Mr. Bortz pointed out. They provide services which employers cannot obtain from any other source. Plants are expanding very rapidly in personnel, and the blanket fidelity form automatically picks up these hazards.

The rapidity with which new employees have been added has disrupted orderly methods of personnel selection even where they existed. So great is the demand that persons are hired almost automatically when they show up. The investigation service of the fidelity bond consequently is an extremely valuable service to these firms. The histories and backgrounds of persons entering war industries are vital, and the surety companies daily are being called on for records. In many cases the only sources of information is the bonding company.

Under the hazard assumed by the performance bond some unusual situations have been presented the surety people, Mr. Bortz continued. Some of the underwriting problems have been very dif-

(CONTINUED ON PAGE 26)

Valuable Papers Policy Is Now Getting Attention

The valuable papers policy that was brought on the market about two years ago and that has been collecting dust in the offices of most companies is being given attention currently by a few producers who have found that it is appealing to certain assured, especially those engaged in war activities. It has been principally sold to cover drawings and maps and the great industrial activity of the day has multiplied enormously the number of these papers. The measure of the loss is usually the labor that has been expended in preparing the papers and the loss may run into thousands of dollars.

The coverage is virtually all risk, the exclusions being misplacement or mysterious, unexplained disappearance, wear and tear, gradual deterioration, vermin or inherent vice and war. There have been several losses paid on account of damage and destruction to drawings that have not been completed and were still on the drawing board. In addition to fire, there have been losses from water damage. Among drawings that are known to be insured under this policy are those of the underground workings of mines, dress patterns, maps of interceptor stations, drawings of machine tools.

The rate is based upon the fire contents rate of the risk.

Papers That May Be Insured

Valuable papers that may be insured include books, records, maps, drawings, abstracts, deeds, mortgages, manuscripts, documents, and similar written, printed or otherwise inscribed papers and documents used by the insured in his business. There is a specific exclusion of currency and postage, revenue and trading stamps, uncanceled and canceled coupons, securities, checks, drafts and property carried or held as samples or for sale or for delivery after sale.

Under section B of the declarations there may be set forth a separate description of the valuable papers and the amount of insurance on each. Then there is the provision for covering valuable papers that are not so described with a limit of loss of \$5,000 for any one paper or 5 percent of the amount of insurance under that section whichever is less.

Under section C there is set forth the amount of insurance for loss outside premises. There may be covered loss of valuable papers while being conveyed outside the assured's premises or while temporarily within the premises of others except for storage but within the 48 states, District of Columbia, Canada or Newfoundland, excluding loss occurring while such papers are in the custody or possession of and being transported by any carrier for hire or in the mail.

Although this is a form of the National Bureau of Casualty & Surety Underwriters only a few of the companies have even gone to the trouble of printing the policy but it is a contract that is likely to appeal to a certain type of insured just at the present time. In addition to the casualty companies, similar insurance is written by a few of the marine offices.

Final Auto Rate Action Expected Sept. 16

Casualty Group Favors 15% Cut for "A" Cards; Fire People Dissent

NEW YORK—Definite action with regard to automobile rate concessions in view of the gas rationing program will probably be taken at the conference between representatives of the governing insurance organizations—National Bureau of Casualty & Surety Underwriters, American Mutual Alliance and National Automobile Underwriters Association—and commissioners of the New England states, New York, New Jersey, Pennsylvania and Maryland, Sept. 16.

First Conference Inconclusive

The gathering here last Thursday, attended by several commissioners as well as by association representatives, was inconclusive, although certain propositions there advanced will probably supply the basis for discussion, and presumably final accord, at the larger conference on the 16th.

The tentative proposal of the casualty men—both stock and non-stock—last week was that a reduction of 15 percent from present rates be granted holders of "A" gas ration cards in the 17 now-rationed states, the concession later to be extended to the balance of the states as a likely possibility. Although opinion differed as to the application date for such rate concessions as might be determined upon, the suggestion seemingly favored was that it be made retroactive to early July.

Fire Companies' Position

The fire company representatives reportedly opposed any change in existing rates so far as they were concerned until the extent and seriousness of accident frequency is more clearly recorded. It was contended that experience under the collision coverage of the fire contract had demonstrated the inadequacy of rates now charged and hence any reduction therein would be unwarranted. One of the state commissioners offered that any concession granted holders of "A" cards, should be extended to holders of "B" cards as well, a feeling apparently not shared in by others at the meeting.

The company people are holding further meetings in New York Wednesday and Thursday of this week.

Want Milk Dealers Bonded

FLINT, MICH.—The 1943 Michigan legislature will be asked by the United Dairy Farmers of Michigan, a division of the United Mine Workers of America, to require the bonding of all milk dealers to protect farmers from possible financial loss.

Reasons Behind Mail-Order Insurer's Growth Revealed

WASHINGTON — Many insurance men have wondered—some of them ruefully—how the Government Employees Insurance Company has managed to defy the almost unbroken rule that no stock company can succeed on a strictly mail order basis. The company has grown from a premium income of \$103,696 in 1936, its first year, to \$1,211,488 for 1941. The latter figure represented an increase of 58 percent over 1940.

How much of this rapid expansion is due to the big increase in the federal payroll and how much to Executive Vice-president Leo Goodwin's astuteness would be difficult to say exactly but there has been plenty of both.

Low Cost Not Stressed

There has been some speculation among agents as to whether the company has a special entree in army, navy, and civil service circles. In a sense it has, although only to the extent of having built up a loyal group of satisfied customers who like to see their associates and their subordinates get needed insurance at low cost. While of course the price differential is a powerful sales argument, Mr. Goodwin has consistently merchandised his insurance as a quality product, stressing financial soundness, nationwide claim service, and customer satisfaction. This has proved to be sound sales psychology, for many buyers will disregard a price inducement if they lack confidence in the more important features.

Since sales are largely made through the medium of customers talking to eligible prospects, keeping policyholders satisfied is obviously of the utmost importance in making new sales. Policyholders are supplied with business reply postcards on which they are invited to furnish information about acquaintances who might be interested. Names of many prospects are obtained in this way.

Many in Key Positions

Of course, a good word from a satisfied customer has perhaps several thousand times its usual value when the customer happens to be the commanding officer of a post or is for some other reason in a position to bring the company to the attention of a large number of potential insurance buyers. An incident of this kind occurred in connection with the construction of the naval air base at Corpus Christi, Tex. At the request of those in charge Mr. Goodwin sent several thousand application blanks after a rule had gone through that no car could enter the reservation unless it carried bodily injury liability insurance. When the ruling became known agents expected to do a big business but as it turned out, of the 4,500 cars registered as having complied with the insurance requirements 3,500 were insured in the Government Employees Insurance Company.

Naturally, the agents protested at a non-agency company's being apparently given the inside track. Sufficient political pressure was brought so that the officer in charge was asked about it but his position was vindicated when he made it clear that his sole purpose was to see that those who needed insurance got good coverage at low cost.

While Mr. Goodwin feels that the company gets a slightly better experience by reason of limiting its policyholders to government employees, reserve officers and members of the national guard he finds that it is necessary to exercise just as much scrutiny in underwriting as if there were no restriction on eligibility. Among enlisted men in the army and navy only the higher grades of non-commissioned officers are eligible. Furthermore, if a non-commissioned officer lives on the post and is unmarried his insurance excludes all drivers other than himself since it was found that many of these insured were lending their cars to others and that about 60 percent

of the accidents occurred when someone other than the assured was driving.

The expansion in government military, naval and civilian personnel has of course helped greatly in selling the company's coverage. It had between 9,000 and 10,000 reserve officers among its insured before the war and now many of these are in key positions and more than willing to tell those with whom they come in contact about the company that carries their insurance. Mr. Goodwin feels the fact that it sells only to a special group lends an appeal that would be lacking if anybody could buy. While the company's by-laws limit the classes on which insurance can be sold, anyone leaving the government service, national guard or officers' reserve corps can continue his insurance if his record is good.

In all states except Texas and Virginia a company's rate is a flat 32½ percent discount from the "B" classification with a 15 percent refund at the end of the year for an accident-free record. In Texas and Virginia the discount is 25 percent for bodily injury and 20 percent for collision. The rate on comprehensive is 25 percent below manual and is participating, a 15 percent dividend having been paid consistently. On collision there is a 20 percent discount but no dividend.

In the areas where gasoline is rationed the company recently announced

In Officers' Training



WEBB WOODWARD

Webb Woodward, manager of the Topeka local agency of Webb Woodward & Co., who entered service recently, has now entered an army officers' training school. The Hussey agency of Topeka is handling Mr. Woodward's business for the duration.

a 20 percent discount on bodily injury and property damage for holders of "A" ration books and 10 percent for those with "B" books.

Since the company is licensed only

(CONTINUED ON PAGE 27)

Rusty Driver Runs Greater Risk, Has More Need of Cover

One of the objections which agents trying to sell automobile public liability and property damage now are encountering, particularly in gas rationed states, is that the prospect who has had to cut down his driving to a very small proportion of what it formerly was feels he does not need such protection. This reaction will be more evident as time goes on.

Some pertinent answers to this objection are outlined in the Travelers "Protection." If auto accidents were caused by exposure alone, a reduction in the number of miles driven would result in a corresponding lessening of the chance of being involved in an accident. But other factors enter in.

Hit-Run Accidents Increase

The New York State Motor Vehicle Bureau reports a reduction of about 15 percent in number of registrations but a marked increase in license cancellations for hit and run and drunken driving and some gains for speeding and reckless driving. This is attributed by the bureau to "a higher tempo of living" and to increased wages. In dodging drunken drivers the prospect may well hit another car and be held responsible for the damage that results. A more dangerous development is that when a driver gets rusty, accidents are more likely to happen. Travelers just recently settled two claims that resulted from rusty driving.

A man who had driven for 28 years but who has been driving less than 2,000 miles a year in recent years started to make a left turn on a four lane highway. He underestimated the speed of a car approaching from the opposite direction. There was a collision. The impact swung the end of insured's car around and struck a pedestrian waiting for a bus. The pedestrian died, and the company settled the case.

Judging Speed Takes Practice

Ability to judge speed is something acquired through practice, and it can be lost through lack of practice.

In another case insured who had been driving for 10 years but who used her car only occasionally for pleasure tried to shift from high to second gear while descending a steep hill. Lack of practice caused her to bungle the job, the brakes failed to hold or were applied improperly, and the car jumped the road, crashed through a fence and turned over several times. A friend riding with her received serious injuries.

It is estimated that the driver is exposed by the recklessness of others to at least one chance of accident in each 1,000 miles driven. Safety engineers have figured out that nothing happens in 300 out of 330 of these chances, 29 of them result in minor accidents, and one of them in a major accident. Of course it is impossible for the driver to tell when the major accident will occur.

Minn. Safety Council Action

DULUTH — Changing the state driver license law to require motorists to renew their licenses every two years was urged in resolutions adopted at the annual summer meeting of the Minnesota safety council at Duluth. The council also favored a survey of state highways to eliminate dangerous intersections. A. V. Rohweder, president of the Minnesota Safety Council, said that industrial fatalities in Minnesota have not increased materially since Pearl Harbor in spite of a sharp increase in employment. Governor Stassen presented safety award flags to 50 of Minnesota's outstanding war production plants. A number of insurance men attended the meeting.

Inland Bonding of South Bend, Ind., has filed application for permission to withdraw from California.

EMMCO TO BE ON THE AIR



Employing some of the best football minds in the country, the Emmco companies of South Bend, Ind., will enter the radio field this fall through WMAQ, Chicago, with a tri-weekly sports commentary presenting Lynn Waldorf, head gridiron coach of Northwestern University, and F. J. Powers, newspaper sports columnist. The picture shows the initial scrimmage over program details. In the foreground are Messrs. Powers (left) and Waldorf,

and rear, left to right, Tom Shortall, agency superintendent of Emmco, K. L. Snedecor, vice-president MacDonald-Cook Company, advertising agency; J. McEdwards, NBC sales department; Elmer Layden, high commissioner of the National Football League and a guest commentator on the broadcast; C. A. MacDonald, president MacDonald-Cook Company, and H. C. Williams, vice-president of the Emmco companies.

Companies Comply With the New Plan

Agree to Treat Liberally Claims Arising from Ride-Sharing

NEW YORK—At this date every automobile insurance writing company holding membership in the National Bureau of Casualty & Surety Underwriters, has filed with the bureau a letter approving the ride-sharing plan of Leon Henderson, chief of the Office of Price Administration, and promising in the event of claim-making to interpret policy conditions in accord therewith. Like response has been received by the American Mutual Alliance from its membership.

Both organizations will as well receive letters from non-members and the anticipation is that within a short time, virtually all, if not every company of the country, will have fallen in with the materials conservation movement. Once all responses are had by the two governing bodies they will be carefully checked, and forwarded to Mr. Henderson. It is the intent of the latter to publish the list of carriers for the benefit of assured.

A copy of what is now generally called the Henderson plan for conserving war material and which in brief provides that "owners and operators of automobiles may carry others (1) gratuitously, (2) under agreement to share expenses by actual contributions by riders to the cost of rides, (3) under agreement by which automobiles of riders are to be used in turn, or (4) under other agreements for distribution of expenses," together with his request that companies define their attitude thereto, was sent each company Aug. 26, accompanied by a letter from the National Bureau or in the case of non-stock offices, from the American Mutual Alliance, asking responses be addressed to, to be forwarded in turn to the Office of Price Administration.

Casualty executives would emphasize that the program in question is applicable not alone to federal government agencies, but is extended as well to state and municipal agencies.

Financed Car Risks Winding Up Well

NEW YORK—While collision insurance being written on financed cars has now dwindled to a trickle or less, the run-off experience on this class of business is improving much better than anticipated. Normally there is an improvement after the first few months of the term, when accidents due to unfamiliarity with the new car or a desire to see if it will go as fast as the salesman said it would have tapered off.

The lessened amount of driving, especially in the gasoline rationed area, plus the motorist's realization that he can't get a new car if he smashes his present one beyond repair, have sharply reduced the type of accident serious enough to exceed the deductible limit. In fact, there has been a noticeable drop in collisions involving another automobile. Most of them are cases of cars running off the road, piling into traffic light stanchions, or similar instances of extreme carelessness at the wheel.

Since financed car business runs into big figures, the unexpectedly good experience on the run-off is particularly pleasing to the companies writing it.

Assured Shoots Customer: Insurer Held Liable

The United States circuit court of appeals for the sixth district has held New Amsterdam Casualty liable under a liability policy for the shooting of a

Captain Reidy to Be Chief Speaker at Claim Muster

Capt. Daniel J. Reidy, formerly at head office of Guardian Life, former president and executive committee chairman of the International Claim Association but now in the dependency allotments division of the adjutant general of the army, will be the chief speaker at the annual meeting at Edgewater Beach Hotel, Chicago, Sept. 14-15.

"Payment of Claims Among Members of the Armed Forces" will be discussed by Captain Reidy. The address will supplement and bring up to date the recent report of an International Claims Association committee headed by Captain Reidy before he accepted an army commission. The published report entitled "Information and Procedure to Expedite Payment of Death Claims Among Members of Armed Forces of the United States and Canada and Other Groups," is now used as a text on such settlements by many companies.

Attention will be given by the meeting to war clause provisions applied to life, disability, double indemnity and health and accident insurance. Members will bring to this seminar information on the forms and practices used by their companies for study and comparison.

As a war-time measure, the convention committee has planned a meeting without formal papers. Instead, seminar meetings will be held on the important subject matters at which general discussion will be encouraged. Also, the usual paraphernalia of a convention has been abandoned and all attention will be diverted to business.

Finds \$1,000 Is Minimum Safe Medical Pay Limit

From actual experience in handling claims under the automobile medical payments endorsement, Travelers finds that the \$500 benefits under that feature are frequently inadequate and recommends \$1,000 as the minimum safe limit. Since automobile accidents are likely to result in more serious injuries than the general run of accidents, the expenses are heavy.

Travelers sets forth the circumstances surrounding several losses that have exceeded the \$500 limit. There was one accident in which total medical and dental expenses amounted to about \$1,300, there being three occupants of the car injured, two being guests and the third the insured's son. One of those injured suffered concussion, lacerations of the upper lip, fracture of five teeth, knee and other body injuries.

Then there was an accident in which five persons were injured—the insured, his wife and daughter and two neighbors. The various expenses, including ambulance, hospitalization and professional services were well in excess of \$500.

Travelers points out that the difference in cost between \$500 and \$1,000 limits is only a few dollars but the difference between a \$500 limit and \$800 in hospital, surgical and nursing expenses is \$300.

customer by the assured in the course of an argument. New Amsterdam Casualty contended that the injury was not accidental within the meaning of the policy but United States circuit court of appeals for the sixth district held otherwise. The assured was Larry Jones, owner of a gasoline filling station in Detroit. The customer who was shot was Oscar Martin.

Martin caused Jones to be arrested and later obtained a judgment for \$5,000 against him. He was unable to collect and proceeded against New Amsterdam.

Graham Long-Time Leader in U. S. Aviation Circles

James R. Graham, western manager of United States Aviation Underwriters, who was last week placed in charge of production countrywide, has been a leader in aviation for many years. He learned to fly in France in 1916 and was a test pilot during the last war. Later he was actively engaged in aviation in both this country and Mexico.



J. R. Graham

Mr. Graham's added duties with U.S.A.U. caused him to resign his position as commander of the Illinois wing of the Civil Air Patrol. He has been with U. S. Aviation for seven years.

Building Collapse Double Indemnity More Important in Case of Bombings

The provision in the double indemnity clause of an accident policy covering injuries sustained by collapse of outer walls of a building, while heretofore an insignificant factor so far as liability to the companies is concerned, would assume new importance if the country were subjected to any extensive enemy bombing, particularly if the policy does not exclude the hazard of war. The possibilities along this line were outlined by R. J. Wetterlund, general counsel of Washington National, in an address before the insurance section of the American Bar Association at its annual meeting in Detroit. He pointed out that the lack of definiteness in the terms "building" and "outer walls" leaves the companies wide open to a considerable number of claims under such circumstances.

The term "building" as defined by the courts includes practically any kind of a structure used for occupation, habitation, storage, shelter or other useful purpose. A billboard, a movable sheepwagon occupied by a shepherd as a dwelling house; a popcorn stand, an automobile trailer used as a dwelling and a boat anchored against a river bank in which the boatmen ate and slept all have been classified by court decisions as "buildings."

Added as Competitive Feature

The double indemnity clause was first added to the policy, Mr. Wetterlund said, as a competitive feature in the belief that the additional coverage granted would not appreciably increase a company's loss ratio. That it did cost the companies something, however, is evidenced by the fact the premium now charged for the double indemnity feature is approximately 10 percent of the total premium charge for an average accident policy providing \$100 a month and \$1,000 principal sum.

Statistics compiled by the Health & Accident Underwriters Conference a number of years ago as to the causes of all accidents occurring over a certain period showed that of about 35,000 accidents of all kinds, a little more than 1½ percent would come under the total indemnity clause. Of the claims under that clause, 87 percent were common carrier type accidents, 40 percent involved passenger elevators, 4½ percent the collapse of outer walls or burning of buildings, 1 percent steam boiler explosions, 2 percent hurricanes or tornadoes and ½ of 1 percent strokes of lightning.

Lloyds' Position in Field Viewed by John Spencer

LOS ANGELES — John Spencer, manager excess department Swett & Crawford, Los Angeles, told the Casualty Insurance Adjusters Association

Insurers No Longer Kept Informed on U. S. Requirements

NEW YORK—Apparently as an economy move, government agencies whose operations include the setting up of insurance requirements for contractors have ceased sending out bulletins or circular letters to insurance companies regarding changes in procedure. The result is that frequently an insurer does not learn about the change until it is arranging the insurance setup in connection with the letting of a new contract. The government contractor, of course, has his insurance requirements outlined to him by the government.

For example, when the War department recently directed that the prime contractor under the architect-engineer-manager setup should handle the insurance for lump sum subcontractors as well as subcontractors operating under the cost-plus basis, the companies learned about this change only indirectly, although of course A.E.M. contractors were notified.

Theoretically it should make no difference to an insurance carrier whether it has prompt notice of government changes in procedure, since the question does not have to be decided in any particular case until the insurance is to be arranged. However, the companies like to keep abreast of these changes and it is often helpful to have as much advance notice as possible before an actual case has to be handled. For example, an opportunity to study a new requirement might reveal complications that both the government and the contractors had overlooked and which might be straightened out without causing any delay in putting the new requirements into effect.

of Southern California some pertinent facts about Lloyds of London, where he was employed previous to his coming to this country.

Reinsurance is giving Lloyds a greater place in the insurance market, he said. Companies writing large lines usually find it necessary to place some of this reinsurance in Lloyds. Lloyds paid a large portion of the Tacoma bridge loss, a goodly proportion of the Fall River loss and \$15,000,000 of the losses resulting from the New England hurricane a few years ago.

Lloyds wants a friendly reinsurance market, according to Mr. Spencer. California's surplus line law prevents unfair Lloyds competition and the operation of the law has been a success, he said.

Lloyds, he said, is not infringing on the American market but really is helping that market, according to Mr. Spencer. Since the war Lloyds' European business has disappeared, and therefore American business has become of intense importance. Lloyds admission to states has resulted in terrific competition. Mr. Spencer held that it would be better if Lloyds were not to be admitted to any state but operated strictly on a surplus line basis.

Conscience Stricken Claimant Returns \$200

Opening the morning mail in the home office of Fidelity & Casualty, a clerk was astounded when two crisp \$100 bills tumbled from an envelope. The unsigned letter which accompanied them said:

"I received this money in an accident case about 17 years ago. I feel that I am not entitled to it so I am returning the amount I received. Please see that the company receives this money as I feel it belongs to the Fidelity & Casualty. Credit it to the conscience fund or wherever it belongs. Many thanks."

Losing Many Technical Men

Companies Writing Boiler Business Find Their Forces Are Being Taken by Outsiders

NEW YORK—Casualty companies are losing many of their technical men in boiler inspection work not only to the armed forces, as other departments are, but to the merchant marine and to war industries, particularly shipyards. Many boiler and machinery experts were marine or stationary engineers or power plant engineers before going into insurance work and many of the former marine engineers are members of the merchant marine reserve. This means little in peacetime but during a war it means that when there is a shortage of men to take over the cargo carriers' engine rooms an insurance boiler inspector may be plucked from his job and given his sailing orders on rather short notice.

In spite of these difficulties the boiler inspection departments are maintaining their high standards of inspection. The problem is particularly difficult where a single engineer is covering a considerable section of rural territory. There is no alternative but to train another man to replace the one lost. At the same time the companies cannot very well afford to overstaff their departments against the possibility of losing some of their men as the loading and the premium is not large. Hence it is not economically sound to have too many junior engineers in training.

Many Must Be Licensed

Another complication is that insurance boiler inspectors in many states are licensed by the state to represent the company. There are specified quali-

cations as to amount of schooling and operating experience in boiler construction, design, or repair.

Many engineers have had to rearrange their working schedules quite drastically. With plants operating on a 24-hour schedule the inspector may find it necessary to make his calls to a much greater extent on Saturday or Sunday, the only time the boilers or machinery can be shut down long enough for an inspection, and then take his time off at other times during the week.

Plant Managers Cooperative

In spite of the difficulties of maintaining regular inspection service, insurance boiler departments are very much aware of the necessity today more than ever before to see that equipment is operating safely. These departments are rendering a real assistance to plant operators to correct conditions that might result in a serious curtailment of production.

Most plant managers can readily see the point, but occasionally the inspector has to deal with the slam-bang type of manager who feels that the proper course is to put on the last ounce of pressure for production and never mind about such unimportant details as thorough inspections. In general, however, plant operators are very cooperative and the government attitude helps greatly in this respect. Years of publicity driving home the fact that "safety pays" are showing their worth now that the pressure for production is on.

MUTUALS REDUCING DIVIDENDS

A number of mutual companies in view of the condition of the times bringing about a reduction in profit have reduced their dividends to policyholders in order to play safe. Some of the companies already having taken such action are:

Lumber Mutual Casualty, New York—Has reduced rates from 20 percent to 15 percent.

Hardware Mutual of Minnesota—Shows a generally lowered rate.

Pennsylvania Lumberman's Mutual—Made a general decrease in rates.

Mill Owners Mutual, Iowa—Has a reduction from 25 percent to 20 percent, which does not affect the 15 percent return on inland marine, the 50 percent rate through the Building Owners Federation, or the 33 and 1/3 percent on Sprinklered Risk Mutuals.

Union Mutual Fire, R. I.—Lowered rates from 25 percent to 20 percent. This does not apply to inland marine or dwellings other than seasonal or farm.

Butchers Mutual Casualty, N. Y.—Reduction in dividends on workmen's compensation and automobile. All other lines remain the same.

Michigan Millers Mutual—Reduced

from 25 percent to 20 percent in all lines but automobile and inland marine.

Northwestern Mutual Fire, Seattle—Bulk of business is to be handled at 20 percent, inland marine at 15 percent.

Ohio Hardware Mutual—Greater part of dividends reduced from 25 percent to 20 percent.

Fitchburg Mutual—Dividends reduced to 20 percent.

Indiana Lumbermen's Mutual—Lumber business down to 20 percent.

Lumber Mutual, Boston—Shows a general dividend reduction.

Hardware Mutual, N. C.—Has changed to only non-assessable policies as of Jan. 1, 1942.

Lumbermen's Mutual, Ohio—Has made a 5 to 10 percent reduction on certain classes of business.

Boston Manufacturers—Decrease on one, two and three-year policies.

Fall River Manufacturers—Decrease on one, two and three-year policies.

Worcester Manufacturers—Decrease on one, two and three-year policies.

Blackstone Mutual Fire—Decrease on one, two and three-year policies.

Mutual Casualty, N. Y.—Has reduced general scale on policyholders dividends from 20 percent to 15 percent.

No New Insurance on Whisky After Nov. 1

LOUISVILLE—Insurance on whisky manufactured and in bond, not only in Kentucky but throughout the nation is slumping off rapidly, and it is indicated that after Nov. 1 there will be no new business written.

As a result of the increasing need of alcohol in the war endeavor the ordinary commercial sources have been totally unable to meet requirements and the government had to call on the beverage whisky producers to supply the shortage. A few plants had equipment that made it possible for them to start producing on call. A few revamped their equipment. Many small plants

haven't the equipment and have no prospects of getting it.

However, the government arranged for small distillers to produce high wines or low proof crude spirits, which are being shipped to other equipped plants, and there redistilled into high proof or 190 proof alcohol. The government has ordered that all distilleries must be ready by Nov. 1 to start producing high proof spirits.

In June, according to the Treasury's Department alcohol tax unit, production of whisky for the country as a whole dropped by 2,973,848 gallons as compared with June, 1941, which means a loss of new whisky insurance of \$1,548,875 for June, and millions by November.

In running alcohol or high proof spirits for government use, the distiller

Aviation Offices Lose Several Men to Services

NEW YORK—Aviation underwriting offices have recently lost several men to the army and navy air services. Walter C. Libbey, assistant production manager of Aero Insurance Underwriters, has been commissioned a lieutenant junior grade and will report shortly to Quonset Point, R. I., naval aviation base. His work at the home office will be handled by A. Norton Prentiss, who for the last three years has had charge of Aero's Boston office, which he will continue to supervise from New York City.

Henry M. Beers, manager of United

merely carries insurance on the raw material while in storage tanks at his plant, whereas under normal conditions it is insured for the period of maturing, normally four years or longer.

States Aviation Underwriters' eastern department branch in New York City, has been commissioned a senior lieutenant and is now at the naval air base at Pensacola. Leigh Lynch, eastern department field supervisor, has been commissioned a lieutenant junior grade in the naval aviation and will shortly report to Corpus Christi, Tex.

Since February two of Associated Aviation Underwriters' assistant underwriters have gone into the armed forces as aviators. William Fogelman is a first lieutenant in the United States Marine Corps at Quantico, Va., and W. A. Daly, Jr., is now at the army flying school at Kelly Field, working toward his commission as a lieutenant in the army air corps.

F. W. Lieber, engineer of Aero, has left insurance work to join All-American Aviation as a project engineer. All-American, a duPont subsidiary, is the pioneer developer of air mail pickup devices. Raymond Thompson, who joined Aero a few months ago, takes over Mr. Lieber's work.

ACCIDENT AND HEALTH

Pacific Mutual Examination Report Is Released

The report of the convention examination of Pacific Mutual Life as of Dec. 31, 1941, has now been released, showing assets of \$254,514,270, reserve on life policies \$188,875,823, capital \$1,000,000, and net surplus \$6,592,441. As between the various departments in the company the assets in the participating life department were \$160,251,215, in the non-participating department \$62,314,686, accident and health \$24,997,750 and corporate \$7,284,991.

Participating life insurance in force is \$359,983,366, non-par \$236,142,751. Participating life insurance written last year was \$15,010,618, non-par \$27,628,120. There was a total of \$126,979 in annual income in connection with new annuities written. Non-cancellable accident and health premiums were \$1,998,868 and other A. & H. premiums \$2,959,062.

Having in mind the possibility of mutualization, as provided for in the rehabilitation and reinsurance agreement, the examiners state that the matter of stimulating the sale of participating insurance was discussed with the company officers who have advised that the matter is being given careful consideration.

The examiners state that the non-participating department has issued a substantial volume of term insurance for some time past, but recently the participating department adopted a term form which is producing a fair volume. A special dividend option has been added to participating forms granting the policyholder the right to use current dividends to purchase one year term insurance. This option must be selected at time of policy issue, or if at a later date upon evidence of insurability.

In the accident and health department the usual commercial forms are issued. A substantial volume of railroad accident and health business is written on a salary deduction basis. A life rider is issued in connection with railroad A. & H. policies providing a limited amount of coverage in event of death from any cause.

The double indemnity features in connection with life contracts are separate contracts and are issued in the accident and health department. These contracts had heretofore been subject to cancellation but in 1941 a new form was adopted guaranteeing the right of renewal.

In 1941 Pacific Mutual formulated a basic general agents contract, to become effective in 1942, which has been generally accepted in lieu of the old contract.

Examiners point out that restoration of

non-cancellable accident and health benefits which were scaled down in the rehabilitation in 1936, in so far as it is possible to do so is a condition assumed by the new company. Recent investigations by actuaries not connected with the company indicate that it would require a minimum of \$20,553,112 additional reserves fully to restore these benefits as of Sept. 30, 1940. There has been a net increase in surplus of \$1,301,660 on this class of policies since the date of rehabilitation.

The examiners stress the belief that Pacific Mutual is continuing a sound and conservative policy in its method of operation. The states participating in the examination were Oklahoma, California, Alabama, Colorado, Illinois, New Jersey and Virginia.

Pacific Mutual's largest business is in California. Its total 1941 premiums from that state were \$6,023,668. Then came Ohio with \$2,002,029, then Texas \$1,849,666 and then Illinois \$1,312,762 and Virginia with \$1,085,377 was the other state that produced a million dollars or more in premiums.

Franklin Heads Commercial Travelers Federation

W. A. Franklin of United Commercial Travelers of Columbus, O., was elected president of the International Federation of Commercial Travelers Insurance Organizations at the annual convention in Quebec. Vice-president is R. E. Pratt, Travelers Health of Omaha, and head of the executive committee is H. E. Trevett, Commercial Travelers Mutual of Utica, N. Y. John Whittemore, Eastern Commercial Travelers of Boston, was reelected secretary-treasurer.

San Francisco to Have Sales Congress Oct. 23

A sales congress will be held by the Accident & Health Insurance Managers Club of San Francisco Oct. 23, the date originally set for the meeting of the state association, now called off. President H. M. Lundy, Continental Casualty, has appointed a committee composed of Hubert Johnson, Commercial Casualty, chairman; G. V. Chandler, General Accident; R. Marvin Greathouse, Connecticut General Life; John H. Casenave, Hartford Accident; Lauren Addison, Fireman's Fund Indemnity, and Gordon Baine, Associated Indemnity, to arrange a real selling program on accident and health insurance, which should be of much interest and value to agents and brokers.

Dinner Honors H. A. Woodward

MILWAUKEE—Associates in Old Line Life gave a testimonial dinner in

honor of Harry A. Woodward, who retired as manager of the accident and health department July 1 because of ill health. Mr. Woodward joined the department as an agent in 1915 and became manager in 1925. Herbert R. Adams has since been appointed to succeed Mr. Woodward. Following the dinner, President J. E. Reilly presented Mr. Woodward an engrossed copy of the resolution of appreciation adopted by the directors, and also extolled his long service in developing the accident and health department. James H. Daggett, vice-president, was toastmaster, Paul A. Parker, agency director, presented Mr. Woodward a silver plaque set with two dimes, in keeping with the honor guest's favorite pastime of matching dimes with friends.

Clarkson with Occidental

George M. Clarkson, who has been associate general agent of General Accident and Kansas City Life in Des Moines, has been named general agent there for Occidental Life of California. Mr. Clarkson started with Aetna Life in 1932 in its casualty department in Des Moines, later serving as accident underwriter of the life department before becoming a leading personal producer.

Medical Students Get A. & H. Topic

Lectures on the relation of the physician to the health and accident insurer are regularly presented before the senior class of the medical college of the University of Nebraska at Omaha. Dr. E. L. McQuiddy of the university faculty decided several years ago that practicing physicians should know more of what the insurance company wants in the claim blanks, and why, and that it wouldn't hurt the insurer to get a closer view of the doctor's side of the situation. As a consequence, each class before graduation hears from lecturers on behalf of the institution of health and accident insurance.

Philip E. Horan handles the accident part of the contract, Lee Aitchison the hospital feature and S. C. Carroll the health insurance. All lecturers are on the staff of Mutual Benefit Health & Accident.

Fisher Returns to Hoosier

Paul S. Fisher, former Ohio field supervisor of Hoosier Casualty, who recently became manager of the agency department of Sterling of Chicago, has returned to Hoosier Casualty and is resuming his former duties in Ohio.

CHANGES

Shaff Assistant Manager of Bankers in Chicago

Ralph L. Shaff, chief underwriter in the western department of Bankers Indemnity in Chicago, has been appointed assistant manager by J. B. Munson, vice-president in charge of the department. Mr. Shaff continues to direct the underwriting and also will assist Mr. Munson in production and administration.

Fifteen Years Experience

Mr. Shaff has had 15 years' insurance experience, all in Chicago. He started with Hartford Fire's western

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department at Chicago in a clerical post in the automobile department. After two years he went with the L. E. Yager & Co. agency there as assistant in the casualty department, and in April, 1932, joined Bankers Indemnity as underwriter. He has been chief underwriter for several years.

Conway With American Auto

DETROIT—W. S. Ewald, Detroit manager of American Automobile, has appointed J. J. Conway supervisor of the liability department, replacing Elmer Mason, now serving in the armed forces.

Walsh with Eureka Casualty

Eureka Casualty has appointed Edward R. Walsh manager of its Newark service office. He was formerly state supervisor for Manufacturers Casualty in New Jersey. Prior to that he was with

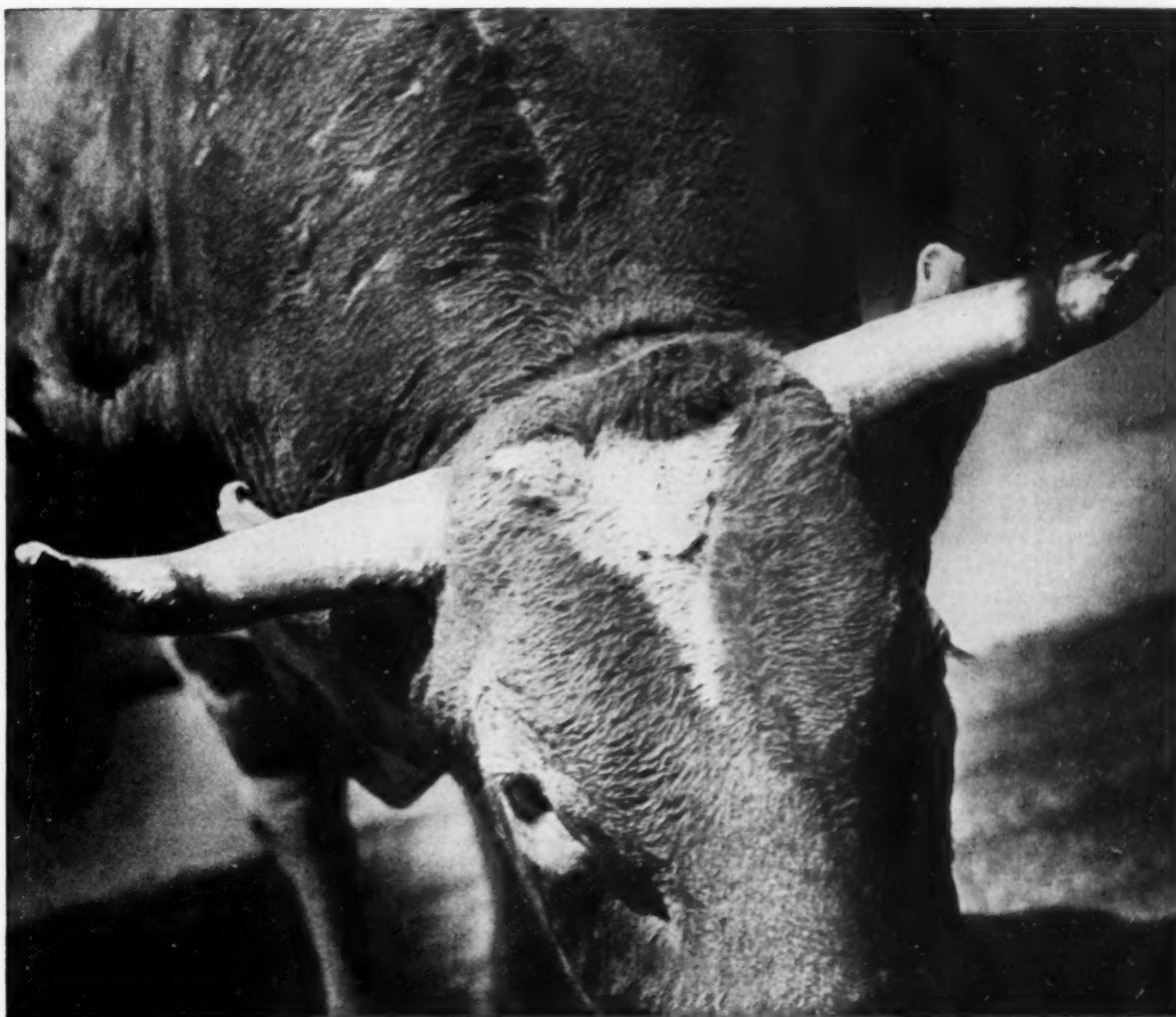
Pennsylvania Indemnity, also in New Jersey.

Gotti to Detroit for Aetna

Hugo P. Gotti, special agent Aetna Casualty operating from Chicago in downstate Illinois, has been transferred to Detroit. Mr. Gotti has been with the company for 12 years. The Chicago office is giving him a farewell party Saturday evening with Agency Supervisor Donald Weiser presiding.

"Consequential Coverages" by Foster offers great opportunities for increase premiums. \$2 from National Underwriter.

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TAKE IT BY THE HORNS

SERIOUS TIMES have fashioned serious facts for us to face. Realities that can't be brushed aside... that must be taken "by the horns." And the sooner the better.

One of these realities is the matter of making a will, of safe provision for one's heirs—a vital matter in a hazardous and changing world, a world at war.

Nor does the thinking man stop with half measures in the protection of his estate.

He and his lawyer make certain that the executor named in the will... even if he is a close friend... is covered by a judicial bond backed financially by a

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The Maryland issues every form of judicial bond—for executors, administrators, guardians, trustees and receivers. Ask your agent or broker for full information. Maryland Casualty Company, Baltimore.

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U. S. NEWS • BUSINESS WEEK

THE MARYLAND

Practically every form of Casualty Insurance and Surety Bond, for business, industry and the home, through 10,000 agents and brokers.

PERSONALS

E. Kemp Cathcart, manager of the bonding claim division of Maryland Casualty, on Sept. 1 observed his 25th anniversary with that company. Mr. Cathcart joined Maryland in 1917 as an attorney in the Wilkes-Barre claim division. Two years later he became manager of the claim division at Cleveland. He remained there until 1931, when he was transferred to New York as manager of the bonding claim division. The following year he became manager of the New York bonding department. In 1935 Mr. Cathcart was promoted to his present post at the home office.

W. H. Galentine, vice-president of Globe Indemnity, who has been away from the office for the past several months on account of illness, is now recuperating on his farm in upstate New York.

DEATHS

William B. Wood, vice-president of New Amsterdam Casualty in charge of contract bond underwriting, died at his home in Baltimore. He was born in Pittsburgh in 1877 and graduated from the engineering school of Lehigh University. He was connected with the Baltimore & Ohio railroad as civil engineer and then started in the surety business with American Bonding of Baltimore. When that company was taken over by Fidelity & Deposit in 1912 he became connected with the contract bond department of F. & D. In 1919 he joined New Amsterdam as superintendent of the contract bond department and several years later was elected a vice-president.

William M. Francis, 73, Atlanta manager Hartford Steam Boiler and its oldest active employee in term of service (57 years), died. Mr. Francis was born in Hartford and joined the company in 1885. After several years in the inspecting and sales departments he was transferred to Atlanta in 1898. Two years later he was made chief inspector for the several states supervised by that office, and in 1909 he was appointed manager. His son, A. Philip Francis, is assistant manager in Atlanta.

Sending out the **Insurance Buyers' Digest** each month is an effective way to create and maintain customer good will. Write The National Underwriter for sample.

GET YOUR SHARE



OF THE CREAM

Hundreds of live wire agents will be out selling accident insurance on Hoodoo Day, Friday, Nov. 13th. That is one day which you should devote to accident insurance sales for every prospect is interested in making Hoodoo Day his lucky day. Order a Kat Killing Kit of promotional material from your company or write The Accident & Health Review, 175 W. Jackson Blvd., Chicago, Ill., for Hoodoo Day samples.

Valuation Biggest Problem in Acting for WSA

(CONTINUED FROM PAGE 1)

matically becomes a co-insurer and must participate in the general average in the ratio of \$5,000 to \$30,000 or 16⅔ percent. Would Contribute \$500

Suppose that the general average is 10 percent. The WSA policy will then pay 10 percent of \$25,000, or \$2,500, while the insured would have to dig into his pocket and contribute \$500, or 10 percent of the \$5,000 excess of the sound landed market value over the insured value. The question has been put to the WSA and it has indicated that it would follow the "Gulflight" decision. Thus the insured who wants to be protected against a possible rise in value in the event of general average has no recourse except to increase his WSA coverage by a sufficient percentage to take care of a possible rise even though because of the pecuniary loss feature the additional premium for the higher value can do him no good except under this particular circumstance.

Naturally it would depend on the value of the shipment and on the chance of its appreciating substantially whether it would be worth while to pay the additional premium to cover this type of contingency. One reason that not much attention has been paid to it is undoubtedly the assumption that war losses are usually total. This is ordinarily true in the case of a torpedo attack but there might well be a greater proportion of partial losses if aerial bombing attacks on shipping become more general.

DUTIES A FACTOR

Another point that insured are likely to overlook is the advisability of covering payment of import duties, which are not covered by the WSA policy. Suppose a \$10,000 shipment arrives on which the duty is \$2,000. After being accepted and going through customs it develops that the shipment has suffered damage from war causes during the voyage which was not apparent at the time of the customs examination. The WSA contract would reimburse the insured for the loss in value but not for the duties paid on the damaged portion.

Insurance is obtainable in the commercial market to cover the duty paid on the worthless goods. The rate is low, since there would be no possibility of paying a claim in the event of a total loss. Some insured feel that they can get back duty paid under such circumstances and do not carry insurance. Others feel differently and insure. A good deal depends on whether the goods involved are of such a nature that partial damage would be readily detected when the shipment is going through customs. If the loss is detected at that time, the duty is adjusted accordingly but if the goods have passed on to their destination the duty is ordinarily not recoverable, from the government.

Answers to Questions

Answers of the WSA to some of the more important questions that have been put to it include the following:

The WSA would have no objection to permitting the assured to specify different bases of valuation for different commodities, provided it is definitely specified as to what plan of valuation applies to each commodity.

The WSA would be reluctant to have an assured take out several different policies for its various departments, as is the practice when dealing with a commercial market, unless it was demonstrated to the WSA that such a step was necessary to expedite the flow of imports.

An assured who imports into the United States by way of Mexico finds that his shipments come to a Mexican port by water and are then forwarded from Mexico to United States by land. These can be insured under the WSA policy on the same basis that is provided



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for imports to the United States routed through Canadian ports.

The WSA gave a negative answer to a question as to whether the open policy can be written to apply to all types of property or merchandise including specie.

The WSA is not permitted by the legislation under which it operates to cover shipments by air.

Banks Can Be Covered

A bank or banks as interest may appear may be included in the loss payable clause as one of the persons to which a loss would be payable but in such a case the loss should be made payable to the assured and the other party at interest, rather than the assured or the other party at interest.

A policy can be issued to a person or corporation domiciled abroad provided it covers bona fide imports to the United States.

In view of the problems of custodianship involved the WSA is "reluctant" to agree to a proposal to substitute U. S. government bonds for the surety bonds which are acceptable in meeting the deposit requirement under open policies.

There is no objection to an assured who elects to use valuation basis "B" using a different price per unit for various commodities and various grades of the same commodity provided the various bases of valuation endorsed on the policy are in accord with the provisions of supplement No. 1 of general order No. 6.

Many of the questions that are currently coming up are solely due to the readjustment inevitable in shifting from the flexible private market to the more rigid government plan and once they are settled or in some cases held to be unanswerable, the going should be much smoother for the underwriting agents. The actual handling of business is relatively simple. Importers make their provisional declarations each month showing what they expect to receive during the coming months. They also make monthly closing declarations which are in affidavit form, covering business that has been closed up. These are sent to Albert Willcox & Co. which act as a clearing house for this business just as it does for the American Cargo War Risk Reinsurance Exchange.

One thing that must be watched closely is that the deposit required under the open cargo policy is at all times in excess of any premiums payable, otherwise the entire policy is automatically void. This is quite a different matter from its being merely voidable at the government's option. Being responsible for the taxpayers' money, the WSA would hardly be in a position to waive this requirement in order to pay a loss. Posting adequate cash or a surety bond is not an onerous requirement but it becomes a tremendously important trifle that might be extremely costly if neglected.

Since open policies are now available, the War Shipping Administration has withdrawn its special provisions for the blanket coverage of petroleum cargoes in bulk. Temporarily the rates will continue the same.

Safety Congress Dates Oct. 27-29

"Save manpower for warpower" is the theme of the National Safety Congress.

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gress & Exposition to be held in Chicago Oct. 27-29. The entire program, covering every phase of safety with 175 sessions and 500 program participants, will be centered on the problem of stopping accidents that delay victory by slowing production, impeding the movement of troops and supplies, and wasting manpower, material and time. The congress is the annual convention of the National Safety Council.

State Farm Oregon Meeting

About 100 Oregon agents of the State Farm companies gathered in Portland

for a two-day business conference.

Paul W. Knaupp, state director of the organization, presided. War bonds were given to high production agents instead of the regular bonuses. Guest speakers were A. W. Tompkins, agency vice-president, and J. H. Parsons, agency director.

C. Milton Griggs of the W. A. Lang Agency, St. Paul, has joined the volunteer officers corps at Sheppard Field, Tex.

Write **Accident & Health Bulletins**, 420 E. Fourth St., Cincinnati, for plans for increasing sales.

Am. Fire & Casualty Enters Ga. in Expansion

American Fire & Casualty of Orlando, Fla., has been admitted to Georgia. Just recently it was admitted to Tennessee. President Walter L. Hays believes that the company has an opportunity at this time to expand. During the first half of this year, American Fire & Casualty showed an increase in all lines including automobile insurance. It is fiduciary agent of the War Damage Corporation and is a member of the civilian war injury pool.

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"MR. ADAMS . . . that was a lucky day for me when you recommended insuring my trucks with Markel Service! They have insured my fleet for the past 10 years and have given me better service than I ever had before. Our accident rate has improved constantly, and most of the credit goes to Markel's excellent safety program for

drivers! But, whenever an accident has occurred—in any part of the country—their competent adjusters have been on the job at once! Markel has saved me over \$15,000—thanks to your good advice."

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Careful Check on Employees in War

(CONTINUED FROM PAGE 2)

Inquiry into record as a law-abiding and loyal citizen.

An analysis of particular eccentricities which might prompt the employee to act viciously toward his employer or the government during wartime.

Last, but of still vital importance, is a check on the financial standing. An effort is made to find if the subject would be in need of enemy funds to get himself out of difficulties.

Dun & Bradstreet does not issue recommendations on what to do with employees or applicants whose records are classed as "questionable" or "unfavorable." It is up to the employer and the affected government agency to take action. Incidentally, affiliation with labor organizations is not subject to inquiry.

Persons of good intentions have found it practically impossible to gain entrance to certain factories in order to transact normal business during recent months. The government and the branches of the army and navy have now made available credential forms to eliminate this difficulty. All applicants for these credentials are carefully checked in a manner similar to that described.

The insurance man will note the application of principles which he uses every day in weeding out unfavorable risks. It is certain that war industries will benefit by this effort, in like proportion to that of fire, casualty and surety companies in preventing possible unnecessary losses.

New War Contract Bond Setup

(CONTINUED FROM PAGE 19)

bond that is bought. But it appears that the government is today more interested in the payment bonds than the performance bonds. It has developed that where a contractor has not been bonded, he has encountered considerable delay in getting supplies because the material men have insisted upon making their own investigation and being very exacting in their credit arrangements.

May Get Uniformity

There is interest now in whether other government agencies will seek to come to the same terms with the surety companies. If so it might develop that there would be a uniform procedure and that would be welcomed by the underwriters. The cost of bonds for the War Department is now less than for the Defense Plant Corporation, whereas until now Defense Plant Corporation has had a rate of \$7.50 as compared with \$10 for the War Department.

Surety people and agents are doing

some figuring since the new rate and commission scale was announced, making comparisons of results under the new and old schemes. Such figuring is rather complicated because of the graded rates and commissions but the reductions are, of course, very substantial.

The commission scale for construction contract bonds that was agreed upon at the Dallas convention of the National Association of Insurance Agents in 1937 by the agency group and the surety companies provided for 17½ percent commission on the first \$2,500,000 of contract amount, 15 percent on the next \$2,500,000, 12½ percent on the third \$2,500,000 and 5 percent on the balance. Under the War Department arrangement there is a commission of 15 percent on the first \$1,000 of premium, 12½ percent on the next \$1,500, 7½ percent on the next \$2,500 and 5 percent on premiums over \$5,000. Under the old scheme with a 1 percent rate, the premium for \$2,500,000 dollar performance and payment bond would be \$25,000 and the commission would be \$4,375. Under the new rate of \$6.65 the premium would be \$16,625 and the commission \$1,102.40.

In addition to the new rates set forth in the Sept. 3 edition on page 19 the rates for advance payment bonds in connection with War Department contracts are also reduced. On the first \$2,500,000 of contract price, the premium is now \$6 instead of \$10. On the next \$2,500,000 the new rate is \$5.75, and for the next \$2,500,000 it is \$5.50 and above \$7,500,000 of contract price it is \$5.

U. S. Guarantee Competitive

United States Guarantee, which is one of the prominent non-bureau companies, has decided upon a scale of competitive rates for War Department contracts. For class B contracts, performance and payment bonds, U. S. Guarantee will charge a rate of \$6 for the first \$2,500,000 of contract price as against the Towner rate of \$6.65 and for excess of \$2,500,000 the U. S. Guarantee rate is \$4.50 as against the Towner rate of \$5.

For class A contracts U. S. Guarantee is charging \$4 for the first \$2,500,000 as compared with the \$5 Towner rate and \$3.50 for the excess over \$2,500,000 as compared with \$3.75.

For payment bonds only U. S. Guarantee will get \$3.50 for the first \$2,500,000 as compared with the Towner rate of \$4.50 and \$3 for the excess of \$2,500,000 as compared with \$3.35 of Towner. For advance payment bonds U. S. Guarantee is charging \$5.

Agents Get 5%; \$500 Top

(CONTINUED FROM PAGE 2)

owner's equity in his home is less than \$3,000 his free insurance only covers the value of his equity. The mortgagee cannot collect free insurance.

To prevent business concerns with plants located in different sections of

Canada from insuring only those at exposed points on the coasts, there is a requirement that war risk insurance has to be purchased up to a total of 90 percent of all plants.

Claims on personal property will be limited to \$100 on any one article except in the case of works of art, jewelry, stamp collections, manuscripts, etc., where the limit is \$250.

In case claims are only partially paid the balance will carry 2½ percent interest.

The minister of finance may refer to his advisory committee any application providing indemnity for more than \$250,000. Recommendations concerning the amount of insurance it considers should be accepted and the terms and conditions upon which such contract of insurance should be entered into will be made by the committee.

Surety Business Gives War Effort Direct Assistance

(CONTINUED FROM PAGE 10)

difficult. Surety companies used to have means of meeting losses: They could take over the plant and operate it with its personnel, or they could get another contractor to finish the job. These means now are not available. In case of default the sureties have, however, been able to provide engineering services.

Because of the unusual problems constantly arising, which surety men are trying to solve as they come up, Mr. Bortz asked agents to be a little more tolerant than in normal times.

Non-Ownership Liability Principle Is Interpreted

A recent court decision, Pray vs. Meier, in the Ohio court of appeals for Cuyahoga county, carries the non-ownership liability principle pretty far. Meier was the dealer for White Trucks at Madison, Wis. A factory representative visited Madison and took one of Meier's men, Muenkel, out on a call. After the call he urged Meier to send Muenkel to the factory school for salesmen at Cleveland, Ohio. Meier agreed to pay the expenses, it being understood that Muenkel was to drive his own car. While driving his car in Cleveland Muenkel had an accident which caused injuries, on which suit was brought, Meier being brought in as a defendant because of his relation with Muenkel.

Service was obtained on Meier under the "long arm" provision of the Ohio law, which provides that any non-resident operating a motor vehicle or having the same operated within the state of Ohio shall be subject to service of process through the Ohio secretary of state on any suit growing out of an accident in which the motor vehicle is involved. There was a verdict against Meier and it was affirmed by the court of appeals. Thus the case is notable, not only for its

extension of the non-ownership principle, but of the "long arm" rule.

Minn. Case on Contribution Between Two Defendants

ST. PAUL — In a case involving American Motorists and General Casualty of Wisconsin, the Minnesota supreme court held that in an action for personal injury against two defendants, where one was held not liable to the plaintiff and other was, and the latter, having paid the judgment, sought contribution from the successful defendant, the judgment in the original action was conclusive.

"There was no liability of the successful defendant to the original plaintiff and hence no common liability as to him upon which a suit for contribution could be based," the court said. "Since the payment by a plaintiff of more than his share of a common liability is the basis of an action for contribution, the lack of such common liability to the injured person on the part of the parties to the contribution action would logically seem to preclude a right to contribution. . . . There is not and never was any liability whatever on the part of the successful defendant to the injured party. Hence, it would seem to follow that there never could have been a common liability."

Robert F. McHale, who has been in the home office of the St. Paul Fire & Marine, has joined the navy. He is a son of John McHale, state agent of New York Underwriters and president of the Minnesota Fire Prevention Association.

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INDIANAPOLIS, INDIANA

Reasons Behind Mail Order Insurer's Growth Revealed

(CONTINUED FROM PAGE 20)

in the District of Columbia it pays premium taxes only on business obtained in the District. In general the company has not been bothered by not being licensed in all the states from which it gets business but it did run into a snag in New York in connection with the new financial responsibility law. The New York law now provides that motorists involved in accidents resulting in personal injury or in property damage exceeding \$25 must show proof of financial responsibility or lose their right to drive.

A ruling by the New York attorney-general held that if a policy is the evidence it must be that of a company duly authorized to do business in New York. Government Employees Insurance, not being licensed in New York, made a contract with Citizens Casualty to issue a motor vehicle liability policy of the required limits in the name of the assured and to file the necessary certificate with the motor vehicle department. Early this year however the New York department declared this arrangement to be contrary to the insurance law and instructed admitted companies not to enter into such an arrangement.

In view of the hardship that would result to assured who had bought coverage under the understanding that they would be protected under the financial responsibility law, the New York department agreed not to object to the Citizens Casualty's filing certificates for policies written by the Government Employees Insurance before Feb. 3, 1942. This means that policies written before that date have full protection under the financial responsibility law, although of course the company will not be able to renew the liability coverage unless some arrangement acceptable to the New York department should be worked out before the policy's expiration date.

Admission to New York would solve the problem but the department would not agree to the discounts which the company gives.

While some may have assumed that the company is a cooperative venture of federal employees, it is a stock corporation in which the majority stockholder is Cleaves Rhea, who is engaged in the banking and finance business at Fort Worth, Tex. Mr. Goodwin is the principal minority stockholder. Mr. Goodwin was for 10 years the underwriter of the United Services Automobile Association of San Antonio, which was organized in 1922 to insure the automobiles of commissioned officers.

Ware Asks Heavier Damages

SAN FRANCISCO—Gilmore Ware, who sued Ohio Casualty for \$29,000 alleging breach of contract, has filed an amended complaint increasing the sum to \$64,000. He was employed as Pacific

FBI Head Writes Article for Employers Group

In an article printed in the August issue of the "Employers Pioneer," company magazine of the Employers group, J. Edgar Hoover, chief of the FBI, noted some aspects of sabotage and the part that citizens can play in attacking it.

Mr. Hoover explained that the saboteurs' activities are limited only by the ingenuity of man. He pointed out that hysteria and widespread suspicion on the part of the citizens are a contribution to the work of the saboteur, and emphasized that anti-sabotage work should be left in the hands of trained law enforcement officers. Every person can help the government if he will report suspicious actions promptly as they occur. "Fighting the sabotage menace is not a task for any individual group; rather is the joint responsibility of all," Mr. Hoover said.

Agents Urged to Develop Women Salesmen

Maryland Casualty is urging its agents to develop women salesmen in their offices. As a matter of fact, according to Maryland, the agent who doesn't expand his organization in this way is losing time. Some agents have been compelled to turn their business over to their wives or other women in their offices when called to the service. In many other offices younger men have departed and this has caused a decline in new business. It is highly important that the selling personnel be maintained at least.

Women salesmen are particularly fitted for developing such business as personal accident, burglary, residence liability, automobile and possibly fidelity and fiduciary bonds from individual buyers. The best sales opportunity for women is probably personal accident insurance.

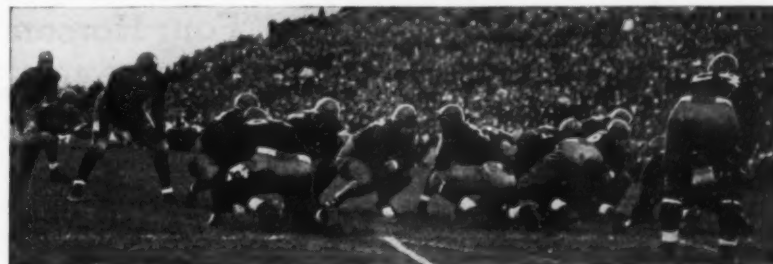
The women are likely to be persistent and methodical and will make a more determined effort to develop sales where the individual premium and commission are relatively small.

N. J. Accidents Down, Deaths Same

TRENTON—The motor vehicle commissioner of New Jersey reports 401 traffic fatalities for the first half of this year, the same number as for the corresponding period of last year. The number of accidents in June decreased on-third, but this was reflected only partly in the number of fatalities.

Coast manager and after three weeks was discharged. He held a three year contract, he alleges.

"What to Say in Selling Life Insurance" has helped tens of thousands. Real interviews by real salesmen. Duryea. \$1.50. Order from National Underwriter.



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CAPITAL	\$2,000,000.00
Surplus	4,935,033.50
Voluntary Contingency Reserve	500,000.00
Reserve for Losses	4,824,318.79
All Other Liabilities	3,891,161.37
TOTAL ADMITTED ASSETS	16,150,513.66

NOTE: Securities carried at \$354,812.50 in the above statement are deposited as required by law.

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Minnesota Ruling on Auto Fleets to Be Contested

ST. PAUL—Court action has been initiated by Minneapolis Lloyds to test the authority of Commissioner Johnson of Minnesota to enforce his recent rulings on "fictitious" automobile fleets. In effect, a complaint filed by Lloyds in Ramsey county court denies the authority of the commissioner to make any regulations on automobile insurance rates.

Minneapolis Lloyds, in its complaint, says it writes a large volume of first business in Minnesota and that all of its business does not come within the specifications of fleet coverage laid down by the department. If forced to comply with the ruling, it says, it and its numerous agents scattered all over Minnesota will suffer considerable monetary loss. The court is asked to determine the authority of the commissioner.

At various times in past years the Minnesota department has issued orders aimed at putting an end to the writing of "fictitious" fleet policies. These orders, however, never were enforced strictly. On May 4 Commissioner Johnson issued a ruling that previous orders of the department were henceforth to be enforced and calling on the companies for data about their fleet business. On June 19 he amended this ruling, modifying somewhat the requirement on fleet data. He gave the companies to Aug. 1 to comply with his request. Minneapolis Lloyds failed to furnish the data and then went into court to test the authority of the commissioner to demand it.

Offer Is Made to Buy Debentures

BALTIMORE—An offer to purchase all the outstanding debentures of Associated Mortgage Companies amounting to \$7,439,670 face amount has been made by the U. S. Fidelity & Guaranty to the holders. There are about 5,000 debenture holders some residing in every state and some in foreign countries. The price offered is \$50 per \$100 face amount. Last spring all assets of the Associated Mortgage Companies were reduced to cash amounting to \$4,742,225. This was used to purchase and retire debentures under a call for tenders issued by the concern March 30. Of \$17,299,170 debentures outstanding at that time, \$9,809,870 were purchased and retired. A payment of the interest on outstanding debentures was guaranteed by the U. S. Fidelity & Guaranty, but not the principal.

Des Moines Club Meeting

DES MOINES—The Des Moines Casualty & Surety Club will hold its first meeting of the season Sept. 14. It was announced by President D. Wesley Barns, manager of U.S.F.&G. He will name a nominating committee to select a slate of officers for the annual election to be held Sept. 28. The group will also discuss the educational classes that are to be conducted this fall by the locals boards in the state.

The **Argus Casualty-Surety Chart** includes a special Accident and Health section. \$1 singly from National Underwriter.

Texas "Four Horsemen" at Convention



Herewith are shown the "Four Horsemen of Texas," insurance association secretaries: John W. Daniel, secretary of the Insurance Exchange of Houston; Alfonso Johnson, manager of the Dallas Insurance Agents Association; Drexel G. Foreman, secretary of the Texas Association of Insurance Agents, and F. F. Ludolph, San Antonio Insurance Exchange. Vice-president David A. North of the National Association of

Insurance Agents said at the Texas convention: "We couldn't open a national meeting without the Texas secretaries. They are almost as important as the national executive committee." For some 15 years Mr. Ludolph has always presided at the piano for the opening and closing songs of the annual and mid-year meetings of the National association and thus is an indispensable program feature.

Will Open Service Office for Upper New York

Continental Casualty and National Casualty will open a service office Oct. 1 in the University building at Syracuse, N. Y., to supervise more closely the agents in upper New York. George M. Boynton, who has been connected with the home office in Chicago, will have charge. He will have a staff of assistants. Harvey Triplett, who for four years has been connected with the eastern surety department in New York City, becomes fidelity and surety special agent traveling out of Syracuse.

Many Cars Off Road Within Year

SACRAMENTO, CAL.—Nearly 75 percent of the automobiles being used by California war workers will be off the road within a year due to the tire shortage, OPA officials here report.

Basing their prediction on a survey by the California railroad commission, officials warned that at least 20 percent of these automobiles will be eliminated in three more months. The survey was made to determine ways and means of transporting the workers to the many war factories. At present 65 percent of these workers are being transported by private cars.

Mutual Agencies Combine

Associated Mutuals, one of the leading Chattanooga, Tenn., agencies, has purchased the business of Sloan & Co., another prominent agency there. The business already has been transferred. It was sold because E. R. Sloan, head of Sloan & Co., has been inducted into the army. M. S. Donnelly, formerly with Sloan & Co., has become associated with Associated Mutuals as special representative and Miss Buna Tucker, secretary of the Sloan agency, also has joined the other agency. The Associated Mutuals agency represents a group of fire and casualty mutuals, as did Sloan & Co.

The **Little Gem Life Chart** will answer your life insurance questions. \$2.50 from National Underwriter.

No Decision Yet as to Money and Securities Cover

NEW YORK—Though nearly three weeks have elapsed since the plan, prepared jointly by bankers and surety underwriters for insuring by the War Damage Corporation against the loss of cash or securities was submitted to Washington, no word as to the attitude of the WDC has been received. Bankers and brokers are speculating as to the reason for the delay. Financial men are fearful as to what might occur should a bombing raid be attempted and would feel relieved if the securities they handle would be covered against loss by the government agency.

Non-Ownership Liability Imposed on Auto Dealer

A dealer in automobile parts was subjected to "non-ownership" automobile liability under peculiar circumstances in Flood vs. Bitzer et al., in the Illinois appellate court. The Bitzer Motor Company employed a salesman named Frerker. The salesman used his own car in making calls, and also in making deliveries. One Sunday afternoon he was driving with his fiancée to visit his parents. He had made one stop to deliver a part to a customer, and intended to make another. At the time of the accident his fiancée was at the wheel of the car. While she was driving there was a collision with the plaintiff's car. The plaintiff won a judgment of \$4,000 against the Bitzers, and this was affirmed.

Current Auto Death Record

The number of automobile deaths for the week ended Aug. 29 was 30 percent less than for the corresponding week a year ago, according to the Bureau of the Census reports. For the first 34 weeks of this year there has been a decline of 11 percent from the same period of last year and a decline of 3.3 percent from the three-year median 1939-1941.

Late Fire News

English Fire Losses Show Sharp Increase This Year

The London "Review" reports that fire losses of £1,000 or more for June in Great Britain were £1,610,000 against £523,000 in May and £411,000 in June of last year. Adding 60 percent for losses under £1,000 each, the aggregate for the first six months is £8,552,000, in comparison with £4,370,000 in 1941 and £6,048,000 in 1940. This gives an increase of 95.6 percent over 1941, 41.4 percent over 1940. The substantial increase in 1941 was caused by 14 major fires of £10,000 or over costing £1,194,000 in different property classes—industrial risks, £747,000; commercial £429,000. The biggest fire was £300,000 in shops in Middlesboro.

James Nichols, since 1938 manager of the American Foreign Insurance Association at Shanghai and now interned by the Japanese, was pictured in the Sept. 7 issue of "Life" magazine. Though not identified in the caption, he is shown shaking hands with J. B. Powell, Shanghai newspaper man whose feet had to be amputated because of the brutal mistreatment of the Jap captors. The picture shows Mr. Nichols and Mr. Powell shaking hands at a reception in Shanghai some time prior to Dec. 7.

Mr. Nichols, since the closing of the A.F.I.A.'s Shanghai office, has been a member of the committee of the American Society which is acting as liaison between the American community in Shanghai and the Swiss consular officials. There are still about 1,500 Americans in Shanghai.

Robert Good, local agent at Askov, Minn., has gone into the army.

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Late Fire News

W. M. Houston Joins Fire Association

William M. Houston has resigned as assistant U. S. manager of Northern of London to join Fire Association as superintendent of the eastern department. A graduate of the University of Colorado, his first experience was at the head office of Niagara Fire. He later traveled in Virginia, West Virginia, Maryland and District of Columbia. Then he went with America Fire in Florida, and was later located in the Southeastern department. In 1935 he joined Northern as executive special agent and was subsequently advanced to assistant secretary and then to assistant manager.

WDC Rules Warehouses Should Take Lower Rate

NEW YORK—The War Damage Corporation has definitely ruled that warehouses written in connection with manufacturing plants should take the warehouse and not the manufacturing rate. The earlier decision that both should pay the higher rate was doubtless based upon the assumption that with the warehouse located upon the plant of the manufacturing company the hazard was practically identical.

Reconsidering the matter however the WDC management now holds the risks should be rated separately, warehouses being rated under Code 4 and manufacturing plants under Code 5. Under this program warehouses will take a 5 cents lower rate on fire-proof and about 10 cents lower on buildings of ordinary construction. The new order will require numerous adjustments, for a considerable number of warehouses have been written in conjunction with manufacturing plants at the higher rate.

W. I. B. Meeting Is Set for Chicago Oct. 14-15

The mid-year meeting of the Western Insurance Bureau will be held at the Lake Shore Club in Chicago Oct. 14-15, the directors decided at a meeting in Chicago Wednesday.

North America Has Raid Shelter

The North America has established the first air raid shelter in Philadelphia. The shelter located in the basement of the company's building will accommodate 200 persons. Connected with it is a completely equipped hospital room, with physician and nurse on duty for any emergency. In dedicating the shelter, Mayor Samuel called it "a patriotic contribution to public safety."

New York Brokers Meeting

The General Brokers' Association of New York City will hold its annual dinner Oct. 28 at the Hotel Astor. Nathan Greenbaum is chairman of the dinner committee. G. F. Sullivan is president of the association.

Thomas S. Glenn, 62, a widely known Denver insurance man died after a short illness. He was born in Winston-

Salem, N. C. In 1913 he went to Denver and since that time was associated with Linton T. Block & Co.

Standard Accident Issues 1942 Football Schedules

Standard Accident has sent its agents a copy of the company's 15th annual football schedule of leading colleges and universities. The schedule is probably the earliest compilation of football dates of the leading teams to be issued this year and includes the dates of most of the service games being played. As in previous years, the 1942 Standard Accident schedule is vest pocket size and indexed for ready reference.

The schedules bear the imprint of the agent distributing them on the front cover. The teams are grouped as follows: Western conference and midwest, Pacific coast conference and miscellaneous, Big Seven, Southern conference, Southeastern conference, Eastern, Southwest, Big Six, Missouri Valley and miscellaneous, and the National Football League.

This year's schedule is printed in blue ink on white stock with all imprints in red ink, giving a patriotic color effect.

Underwood Succeeds Lemmond

W. H. Lemmond, Georgia and Alabama state agent of Norwich Union and Eagle Fire, who has been recommended a first lieutenant in the army chemical warfare service, has been granted a leave of absence for the duration.

A. H. Underwood is appointed to succeed him, with headquarters in the Trust Company of Georgia building, Atlanta. He has had special and local agency experience in the southern territory.

Ivory with Am. Casualty

C. J. Ivory, formerly manager of the Pittsburgh claims department of Massachusetts Bonding, has joined American Casualty as surety manager in Pittsburgh.

Des Moines Ladies Rally

The Des Moines Ladies of the Blue Goose will meet Sept. 15. Mrs. Charles Wherry is president; Mrs. W. H. Harrison, vice-president, and Mrs. Otto Besch, secretary-treasurer.

W. M. Kingsley, chairman of the United States Trust Co. of New York City and a leader in financial circles, died at his summer home at Sky Top, Pa. In addition to his banking interests he was a director of a number of important fire and casualty companies, being on the finance committee of the Royal-Liverpool groups. Earlier he had served as a director of the Commercial Union-Ocean Accident group.

Frank E. Dunham, 75, New England general agent of National Union Fire and an employee of the company for 40 years, died at his home in Boston Monday. He was a veteran field man in his territory.

H. C. Upham, independent adjustor of Oklahoma City, is celebrating the arrival of his first grandchild, daughter of his son, John Upham of Bartlesville, Okla.

George Bauders has purchased the agency at Rushville, Neb., established 50 years ago by J. P. McFarland and operated since his death a year ago by his son Francis.

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Bond Field Is Potential Source of Income Today

It is puzzling to understand why many agents still shy away from the writing of bonds, Charles E. Megargel, manager Fidelity & Deposit, Boston, said in a recent talk. The writing of bonds is an interesting business. It is not a difficult one when the agent digs into it, and there is money in it.

The full impact of war time economy has not yet hit the average agent, but when it does the agent with an increased volume of bond business will be in a fortunate position.

Mr. Megargel spoke first of contract bonds. Unfortunately, he said, the government is waiving many bonds, and agents and companies are thus losing many desirable premiums. Bid bonds or bid guaranties on supply contracts are practically extinct and fewer performance bonds are being required. The U. S. engineers still are requiring bid and performance bonds, and it is hoped that they will continue to do so. Some governmental departments are still requiring advance payment bonds.

Even so, there are many opportunities still open to agents in the contract bond field. Agents can continue to service their clients by helping them secure bid information on their products as well as the result of bid openings. Because of censorship and speed of production this information is not always complete, but at least it will keep the agent in touch with his clients. Many companies still maintain Washington service offices which will be of great help. The agent can follow up the contacts through the servicing of supply contract bonds.

An agent in a fairly small town a few years ago sold eight contracts on the idea of letting him handle their supply contract bond needs, Mr. Megargel continued. He secured bulletins as to proposed contracts for their use in bidding on government work and procured the results of bid openings in Washington and other purchasing offices. This service enabled the agent to commence his personal contacts and he then started after other business. He found that these concerns carried little or no fidelity coverage, and now five of them have purchased blanket fidelity protection.

Home office contract bond underwriters can give good counsel to general contractor clients of agents even though they do not have to file bonds. Those men who are handling contract bonds see the countrywide picture of conditions and are in constant touch with new developments and government regulations. One of Mr. Megargel's clients made a special trip to the home office recently to discuss the labor situation in a certain locality and also the lumber freezing order of the Office of Production Management. He went home, increased his bids materially and was still the low bidder. A distinct service was rendered and considerable good will generated for the future.

The Bureau of Contract Information in Washington, maintained by the conference companies to gather information on contracts all over the country, is used extensively by awarding authorities, and because of the large volume of emergency work being done by the government, the bureau has been the means of making immediately available information which would take government agencies several weeks to obtain. If there are any contractor clients of agents interested in government work who have not filed experience records with the bureau, the agent can create a lot of good will by seeing that they do so. Contract bonds, he said will be

written again some day, so the agent should stay with his clients and help them all he can.

There is plenty of opportunity for the sale of judicial bonds, he said. No appreciable sales efforts are necessary since all the agent has to do is expose himself to a large number of attorneys. Agents have had on their books for 20 years fiduciary bonds given in veterans' estates, and now it looks as if there will be similar bonds in veterans' cases for the next 20 years. While this is not an angle pleasant to contemplate, there are the bonds to be written.

The speedup of production in commerce and industry has also speeded up litigation. Here errors, delays, priorities, embargoes and countless other difficulties usually end up in suits for attachment, replevin, appeal, etc., and all such suits require bonds. While most bonds of this type emanate from the attorneys' offices, the agent can also solicit concerns direct. Mr. Megargel advised agents to go on the offensive and not take any chances that the legal representatives of some of the agent's clients will come to him for court bonds which have to be filed. Service here is a paramount issue, and con-

tacts made through attorneys and otherwise can lead to bigger things.

Due to the pressure of increased volume, ordinary safeguards and internal control tend to break down during such times as these, making it easier for the dishonest employee to embezzle and cover up his defalcations, he said. Consequently dishonesty protection is greatly needed.

A short time ago Mr. Megargel was calling on a concern with an agent and the prospect very proudly showed them his company's financial statement. Pointing to the reserve on the liability side of the statement, he said, "we have adequately prepared for any contingency." Mr. Megargel said, "yes, all but one." "What's that?" he asked. Mr. Megargel answered, "a contingency reserve for undiscovered dishonesty losses." The prospect was surprised at first and then answered, "Oh, my auditors take care of that." Mr. Megargel said, "Yes, but your auditors don't reimburse you when they discover a shortage." The idea worked out pretty well. The agent got a nice blanket fidelity bond premium.

While blanket fidelity protection is the modern way, individual and schedule forms are still quite in vogue in the writing of many bonds, for example, for government agencies. There are probably 50 or more bonds required on custodians', canteen cashiers' and even hostess' funds, as well as bonds under the new army small business loan plans.

Circular on Static Electricity

Circular C438 just released by the National Bureau of Standards describes,

Billings Agency Uses Portable Electric Machine for Attaching Documents

The Central Manufacturers Mutual tells of an innovation adopted by the Ruth Insurance Service Company of Billings, Mont. When the agency attaches forms and endorsements to policy jackets, instead of a wild search for the paste pot, with glue getting on everything but the place it is wanted, or metal clips or staples used with wild abandon, the company says:

"None of these office tribulations occur. For this on-its-toes agency has a small portable electric sewing machine and uses it to good advantage. As shown, all endorsements and forms are attached neatly and permanently, with no fuss and bother simply by stitching the papers across the bottom. In this 'tailoring' job No. 50 mercerized thread is used and it certainly does the trick."

"The agency reports that messiness is eliminated, time is saved in attaching and space is saved in filing. This is a splendid example of smart mechanical operation."

partly in non-technical language, the nature and origin of sparks caused by charges of static electricity, which constitute a fire and explosion hazard in a wide variety of industries. In industrial plants such sparks may be produced in a space which contains flammable gas or dust.

Copies of the circular may be obtained from the Superintendent of Documents, Washington, D. C., at 10 cents each.

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Program Features for Wisconsin Agents Convention

The main features of the program of the Wisconsin Association of Insurance Agents in Milwaukee Sept. 17-18, have now been arranged, President August Lutze of Sheboygan announces. The leaders in the association felt that it was imperative to hold the convention this year because the subject of an agents license and qualification bill is to the fore and because of a revision of constitutions of both the state and the National associations.

Instead of the usual breakfast session, which in the past few years has consisted of a "stump the experts" feature, there will be a thorough discussion of War Damage Corporation and the civilian war injury policy. The WDC subject will be discussed by several leading agents. Harry Rogers will give a talk on "An Insurance Agent Helps Win the War," and Harrison Wood will speak on "What Insurance Agents can do to Help the Wisconsin Council of Defense." Following this there will be a presentation of the educational program of the N.A.I.A. by Roy A. Duffus of Rochester, N. Y.

Mr. Rogers is with the fire prevention department of the Western Actuarial Bureau and Mr. Wood is executive director of the Citizens Defense Corps of the Wisconsin Council of Defense.

W. H. Bennett Banquet Speaker

The banquet is scheduled for the evening of Sept. 17, with W. J. Tucker of Beloit as toastmaster and Walter Bennett, secretary of the N.A.I.A., as the main speaker. Mr. Tucker is chairman of the legislative committee.

The Wisconsin association has been experimenting with educational courses for several years and Grover Miller, Racine, chairman of the executive committee, has been working on a proposed new educational program for the state. In addition to the short course in fire and casualty insurance given by the University of Wisconsin in cooperation with the association for several years prior to the war, classes have also been held in certain cities by a circuit group of instructors.

"We believe that we can announce the realization of a dream of a complete educational program," Mr. Miller stated. "The state association in connection with the National, now has an educational course covering a great variety of subjects and the complete course will cover 100 hours on the basis of two hours a week. Shorter courses of study can also be taken and many subjects can be covered in one or two lessons. Local groups, including office girls, will be organized in groups of 15 to 50 people, meeting weekly. When the course is completed under the supervision of some local agent, fieldmen or company representative, a written examination is to be taken and the papers sent to national headquarters. A certificate will be issued if the entire course is completed."

The closing session of the annual meeting will cover the reports of the president, chairman of the executive committee, treasurer, resolutions and nominating committees, election of officers and concluding of business before the meeting. After a luncheon, the group will make a tour of the Schlitz Brewing Co. plant.

New Butler Instructors Named

INDIANAPOLIS—Frank A. Miller and Harold E. Miller will instruct four

insurance classes in the college of business administration of Butler University this year. They will have charge of classes formerly taught by J. Russell Townsend, who recently was commissioned a lieutenant, junior grade in the navy. Frank Miller, a graduate of Butler in 1927, is state manager of American National. His brother, Harold, also was graduated from Butler and is with Grain Dealers National Mutual.

Minn. Regional Chairmen, Committee Chiefs Named

MINNEAPOLIS—Fall and winter activities of the Minnesota Association of Insurance Agents got under way this week with the appointment of regional chairmen and chairmen and members of standing committees. The educational work which the association will sponsor this year has not been definitely decided on but there is considerable sentiment in favor of the course being offered by the National association.

The state has been divided into 15 districts with the following chairmen: Southern, Ray H. Ostrander, Albert Lea; southeastern, Frank Wachs, Wabasha; southwestern, W. R. Lange, Pipestone; central, W. C. Lundquist, Little Falls; east central, L. H. Bakken, Cloquet; west central, Tom B. Jenks, Montevideo; northwest, Paul Johnson, East Grand Forks; park, George V. Fevig, Moorhead; lake, Marvin A. Larson, Bemidji; valley, J. R. Gallery, Hutchinson; Duluth, Jesse D. Bradley; Minneapolis, George A. Thompson; range, William Knudsen; St. Paul, Karl V. Klein; Twin Cities suburban, J. M. Hudrna, Robbinsdale.

The standing committee chairmen are: Finance, L. E. Hatlestad, Minneapolis; membership, E. D. Billedeau, Grand Rapids; conference, L. D. Engberg, St. Paul; rural agents, Guy E. Rolien, Milaca; fire and accident prevention, J. V. Merrill, St. Paul; legislation, Armand W. Harris, St. Paul; education, Howard Williams, Mankato; regional activities, George W. Odell, Willmar.

Atwell Ohio Audit Bureau Manager for 25 Years

C. C. Atwell of Columbus has just observed his 25th anniversary as manager of the Ohio Audit Bureau. Employees of the office covered his desk with flowers, superintendents of the Cincinnati, Cleveland and Toledo districts presented him a traveling bag and many friends in the insurance world sent him letters and telegrams of congratulation.

The Ohio Audit Bureau was opened Aug. 15, 1917, with the late Will J. Beggs of Cleveland, who organized the bureau, as the first manager. Mr. Atwell became manager Sept. 1. At that time he was in the real estate and insurance business in Zanesville and was secretary of the Zanesville board.

The Ohio bureau which is the largest in the central west, shares with the Ohio Inspection Bureau an attractive building at 431 East Broad street, Columbus. It divides Ohio into four districts, Columbus, Cincinnati, Cleveland and Toledo. In addition to being state manager, Mr. Atwell also has direct charge of the activities of the Columbus district.

Additional Committees for Kansas Convention Named

WICHITA — Additional committee chairmen to assist Elmer C. Beezley, general convention chairman for the

annual convention of the Kansas Association of Insurance Agents in Wichita Oct. 7-9, have been named by President Earl M. Woodard of the Wichita Association of Insurance Agents, as follows: Registration, H. V. Schott, Smith, Stone & Snyder, and L. B. Brown, Brown, Ginzle & Co.; publicity, Byron S. Chapell; golf, C. J. Slawson, Dulane, Johnston & Priest; entertainment, J. H. Burns, Jr., Harris, Burns & Co., and H. N. Fullington, Dulane, Johnston & Priest; banquet, Dorth Coombs, Anderson & Coombs; reception, A. E. Smoll and C. K. Foote; ladies entertainment, Berneda Faulk, Dulane, Johnston & Priest, and Leona Suhm, Harris, Burns & Co.

The opening session will be a luncheon October 7 with the Wichita chamber of commerce, at which a Fire Prevention Week panel program led by Harry K. Rogers, Western Actuarial Bureau, Chicago, will be presented. The annual golf tournament will follow this meeting.

There is expected to be much competition for the Rosse Case Cup, being awarded for the first time by Alex Case in memory of his father, one of the outstanding fire preventionists in the country, to the local agent who has contributed the most to his community in fire safety during the past year.

Tell Wichita's Protection Needs

The Wichita Association of Insurance Agents had a panel discussion this week on "Wichita's War Time Fire Defenses," by Ewing B. Fergus, Kansas Inspection Bureau. The same program was given last week before the Wichita Real Estate Board at which C. M. Allen of the Bauerle-Allen agency was program chairman.

The discussion revealed that the population of Wichita has increased more than 50,000 the past year and that about 550 additional auxiliary firemen are needed to supplement the regular fire department, which cannot increase its personnel, due to budget limitations, although 16 new men are being added to man a new engine house opened Sept. 1.

McGovern S. E. Minnesota Chief

GRAND MEADOW, MINN.—Francis McGovern, Rochester, was elected president of the Southeastern Minnesota Agents Regional Association at the annual meeting here. Frank T. Wachs, Wabasha, was named vice-president, and G. N. Reppe, Grand Meadow, was elected secretary-treasurer. Hereafter the immediate past president will become vice-president. There was some discussion of an educational program for the coming year by Arthur A. Hirman, Rochester, educational chairman. R. A. Thompson, president; Armand Harris, chairman executive committee, and Frank S. Preston, secretary of the Minnesota Association of Insurance Agents, told of the work of that organization.

Inspect All Kansas Farms

TOPEKA, KAN.—The farm committee of the Kansas Fire Prevention Association has completed arrangements with the extension division of Manhattan College for the inspection of every farm in the state. Inspection reports will be returned to the extension division which will follow up recommendations. E. H. Fikes, Home of New York, is chairman of the farm committee.

Hold Fire School in Topeka

The annual fire school of the Kansas State Firemen's Association will be held Sept. 21-23 in conjunction with the annual meeting of the Kansas League of Municipalities in Topeka. Lectures and demonstrations are all of a civilian defense nature. Lt.-Col. H. R. Brayton, army chemical warfare service, director War Department civilian protection school, College Station, Tex., will speak,

as will service OCD regional officials. Victor E. Herbert, Firemen's, secretary Kansas Fire Prevention Association, also will be on the program.

Complain of Installment Payments

LINCOLN, NEB.—Nebraska mutuals are complaining that a number of outside companies doing business in the state are selling five-year fire policies and permitting buyers to pay the four-year rate in four annual installments, while they are prohibited by law from doing likewise. Two years ago the Nebraska department took this matter up directly with the companies, and found that all but about a half dozen had refused to issue policies under those terms. Insurance Director Fraizer said that no formal complaints had been made to him, but that he would promptly proceed against companies following that practice if the facts were presented to him.

Humphry Minneapolis Speaker

MINNEAPOLIS—H. H. Humphry, an executive of the Minnesota Work Project, will speak at the annual meeting of the Minneapolis Underwriters Association Sept. 14 on "Total War and Its Challenge to America." Entertainment features have been provided.

Ohio Examination Record

The Ohio department examined 349 applicants for insurance agents and solicitors licenses in August. Of this number 131 failed. The licenses of 439 agents were cancelled. All of these except 10 were voluntary. In August the department issued 956 licenses.

Miss Hammond to Retire

Miss Iva A. Hammond, assistant secretary of Illinois Mutual Fire of Belvidere, is retiring after 30 years of service. Miss Hammond will remain available in an advisory and counselling capacity for some time. She has been in charge of underwriting and losses.

New Kansas Zone Chairmen

President Victor G. Henry of the Kansas Association of Insurance Agents has announced these additional zone chairmen of the educational committee: Zone V, Mildred Steeves, Abilene; Zone IV, Cecil D. Harris, Concordia; Zone VII, W. W. Rouse, Norton.

Zell N. W. Minnesota Speaker

Leonard Zell, state agent Hanover Fire, will speak on "The Law of Agency" at a meeting of the Northwest Minnesota Agents Regional Association at East Grand Forks, Sept. 23. Paul Johnson is in charge of the program.

Griffith Talks at Warren

George D. Griffith, Ohio state agent of Northern Assurance, talked on the insurance business under present day conditions before the Trumbull County Agents Association at Warren.

County Mutuals Must Report

County farmers' mutuals in Indiana, except those created by special charter, are required to file annual reports with the insurance department, the attorney-general holds.

Ohio Inspector Transferred

Because of a slump in building, there has been a decline in electrical work of the Ohio Inspection Bureau, which is shifting many of its engineers to the sprinklered risk department.

NEWS BRIEFS

The Repass Insurance Agency, Waterloo, Ia., has been appointed general agent there by Minnesota Mutual Life.

Officers and directors of the Insurance Club of Minneapolis meet Sept. 10 to

make plans for the fall and winter. The first meeting will be held Oct. 12.

E. B. Smith, formerly with Reynolds General Agency of Fremont, Neb., has joined the W. A. Downey agency of Lincoln, Neb., as manager. Miss Ann Gordon will continue as office manager.

Armand Williams, resident manager Western Adjustment, Dodge City, Kan., returned from spending two weeks training with the state guard at Hutchinson. He is a captain.

The opening fall dinner meeting of the **Wichita Association of Insurance Women** will be held Sept. 16 with Eugene G. Coombs, FBI agent and brother of Dorth Coombs, Wichita agent speaking on "Activities of the FBI."

The Wichita women will entertain with a luncheon Oct. 8 during the annual convention of the Kansas association,

under the direction of Helen Compton, past president.

C. E. Stiehl, Topeka, Kan., state agent Law Union & Rock, was appointed chairman of the Topeka chamber of commerce fire prevention committee.

Kenneth Ross, former manager of the insurance department of the Crane & Co. agency, Arkansas City, Kan., has purchased the Freeman agency there and has changed its name to Kenneth Ross & Co.

Scott Berridge, local agent of Holton, Kan., presided over the annual meeting of the Kansas department of the American Legion in Hutchinson.

Hughes Cunningham of Sheffer-Cunningham, Wichita adjusters, is devoting his spare time to a recruiting campaign for the navy sponsored in Wichita by the Veterans of Foreign Wars.

sact business in Tennessee with duly licensed agents of the state.

Drop Okla. City Manager

The office of manager of the Oklahoma City Insurors Exchange has been temporarily discontinued. Leonard T. Gray, who occupied that position, has entered the rating division of the Oklahoma Inspection Bureau in Oklahoma City.

Wise, McClelland on La. Trip

Leonard M. Wise, New Orleans, president, and R. Lea McClelland, Baton Rouge, manager of the Louisiana Association of Insurance Agents, have just concluded a trip through southern Louisiana. Mr. McClelland and Ed J. Seymour, acting vice-president, will shortly make a trip through the entire northern part of the state in the interests of the association.

NEWS BRIEFS

Guy M. Landes, president, and Fred Daniel, national councillor and immediate past president, both of Tulsa, will represent the **Oklahoma Association of Insurance Agents** at the national convention in Chicago.

Robert Nelson, formerly with the Pacific coast department of Great American, is now with the Oklahoma Inspection Bureau.

He is the son of N. K. Nelson, Kansas state agent Great American.

COAST

Full Program for Montana Agents Meeting

A full program has been arranged for the annual meeting of the Montana Association of Insurance Agents at the Northern hotel in Billings, Sept. 14-15.

The first business session will be held the morning of Sept. 14 with Fritz Norby of Great Falls, the president, in the chair. Mayor Trott of Billings will give an address of welcome and the response will be by C. R. Fowler of Lewiston, past president. Guests will be introduced. Mr. Norby will give his presidential report and Arnold Huppert will report as secretary and Matt Kelly of Anaconda as vice-president.

Larry T. Diringer of Home with headquarters in Great Falls will appear as president of the Montana Fire Underwriters Association, giving a talk on "A

IN THE SOUTHERN STATES

Louisville Board Stage Educational Program

LOUISVILLE — The Louisville Board has decided to hold another insurance school, based on the educational program of the National Association of Insurance Agents, in the boardrooms in the Starks building. Registration will close Sept. 15, and it is hoped to hold the first class on Sept. 28. The registration fee is \$3.

Fire and allied lines will be covered in the first course, requiring 10 two-hour sessions. The first three lessons will be on the standard fire insurance policy and forms, the remaining lessons covering other property insurance, war damage, collateral fire insurance contracts, reporting forms, consequential loss, business interruption, rules, regulations and rate making.

Classes will be held from 4 to 6 p.m. Mondays and from 7 to 9 p.m. on Fridays, provided enrollment is sufficient. Classes will be limited to 50 each, and the same subjects will be studied by both.

Course for New Employes To Be Given in Little Rock

An elementary course for new insurance office employes in the Little Rock area is being sponsored. This is a war time development that is developing in several sections of the country. Such a course is starting in a few days in Chicago and there is to be a similar undertaking in Atlanta. Those sponsoring the courses believe it is an effective method of assimilating the great number of new employes that are found in almost all insurance offices these days, giving them a general conception of the business and providing them with answers to many routine questions that would otherwise have

to be explained to them by their superiors.

The Little Rock course will probably start Sept. 15 and will consist of an hour of class work each week during the noon hour on Tuesday. The classes will be held in one of the rooms of the L. B. Leigh & Company general agency. The course will consist of 20 or 30 hours of classroom work. There is to be a registration fee of \$1 per student to be paid by the employer.

The course is jointly sponsored by the Arkansas Association of Insurance Agents, Greater Little Rock Insurance Exchange, Field Men's Club and the Fire Prevention Bureau. The committee in charge consists of Ike Beyer, Roy Dunham, Granger Williams, William Leigh, Bill Smith, Dick Elliot, Jim Lester, H. T. Buchanan and Henry A. Ritgerod. A sub-committee consisting of Messrs. Leigh, Williams and Lester is preparing the course outline in detail.

Honor Coleman Veteran Employes

The Coleman & Co. agency, San Antonio, held a luncheon honoring its veteran employes. L. B. Joyce celebrated his 27th anniversary with the agency; J. A. Hall, in charge of the field, and Elmer J. Edwards, manager of the accident and health department, each observed his 25th anniversary.

Sixteen other members of the organization have service records of from 10 to 24 years.

Issue Tennessee Directory

The Tennessee insurance department has got out the 1942 issue of the "Tennessee Insurance Agents Directory," giving the agents licensed in the state and the companies represented, also the type of insurance they are licensed to solicit. In the last few pages are names of non-resident brokers licensed to trans-

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1942

1892



1942

An interesting Half Century

OCTOBER 1942 marks the 50th Anniversary of the establishment of the United States Branch of the London Guarantee & Accident Company. It is significant that 66.8% of today's business is being written by agents who have represented the Company for over 25 years.

This outstanding record speaks volumes for the type of agents representing the London Guarantee—their loyalty, their spirit of cooperation, their knowledge of the insurance business, and their ability! It likewise clearly indicates that the entire company organization—whether at Home Office or in the field—has shown a friendly interest in, and deep understanding of, their agents' problems.

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Comprehensive Agent." The regional vice-presidents will report, they being Kelsey Haviland of Deer Lodge, H. O. Morgan of Glasgow and Sam West of Billings.

Commissioner Holmes will give a talk on municipal insurance and Milton C. Godfrey, assistant manager of Norwich Union at San Francisco, on war damage insurance. P. J. Driscoll of Butte will report for the fire and casualty contact committees.

That afternoon there will be a report of the accident and fire prevention committee by A. E. Dye and of the rural agents committee by C. M. Holbert of Twin Bridges. Then Samuel L. Carpenter, Jr., manager of the Pacific Board, will give an address on farm insurance. Charles R. Lowery of Great Falls will report for the state and public business committee, R. C. Hilton of Missoula for public relations and educational committee. Ed Heidel of Bozeman will report as national councillor and Mr. Huppert as editor of "Tags."

Late in the afternoon there will be golf and sightseeing and then comes the dinner and dance, with no speeches.

The next morning will be held an open forum for agent members only, reports of convention committees and election of officers.

Southern Cal. Associations Adopt Educational Program

LOS ANGELES—Eight local agents associations in southern California, not including the Insurance Exchange of Los Angeles, have accepted the educational program being conducted under the guidance of the California Association of Insurance Agents, and will conduct meetings in October, November and January, at which addresses on fire and casualty lines will be given and panel discussions held on 16 fire and casualty subjects.

The arrangements for the meetings were completed by F. C. Colridge, ex-

New President



CHARLES P. CARROLL

The new president of the Washington Association of Insurance Agents, Charles P. Carroll, is a man of long experience in the insurance business. He is a partner in the J. E. McGovern-Carroll Company, Spokane. He has long been active in association affairs, and served as national councillor the past year.

ecutive secretary of the state association, and J. T. Breckon, assistant director of the B. D. O., after two days visit and contact with the associations.

The local associations which will have a part in the course are: San Bernardino-Riverside County, San Diego, Santa Barbara, Pasadena, Orange County, Glendale, Whittier and the Associated Agents Committee of Southern California.

Members of the Southern California

Fire Underwriters Association and the Casualty & Surety Field Men's Association of the Pacific Southwest will give the lectures and conduct the panel discussions.

The program planned calls for each local association to have one meeting each month, following which it is expected a similar program will be put in operation for the spring season.

Encourage Women to Take F.U.A.P. Educational Courses

SAN FRANCISCO—Women employees in San Francisco are being encouraged to attend educational classes of the Fire Underwriters Association of the Pacific. At the organization meeting speakers commented upon the shifting of employees and the increased importance of women in key positions.

Speakers included: F. J. Pelletier, Hinchman, Rolph & Landis, F.U.A.P. president; William G. Rich, Royal-Liverpool group, chairman executive committee; H. Clyde Edmundson, America Fore, president Pacific Board; John H. Martin, Standard Forms Bureau, chairman educational committee, and Miss Eileen Eckstrom, secretary to

the vice-president of the Pacific National Bank.

Miss Eckstrom discussed women in business and their greater responsibilities in civilian life in war times. Mr. Martin outlined the classes which start with the inland marine class Sept. 14.

Indications point to a greatly increased attendance on the part of women in several classes and particularly in the course on office procedure which starts Sept. 17. A previous class, in the spring, brought out about 100 women for this series.

The importance of more intensive study on the part of employees was stressed by Mr. Edmundson and Mr. Rich.

Washington Fire Results Reported by Sullivan

SEATTLE—A comprehensive summary of fire underwriting results for 1941 and for a three year period has been released by Commissioner Sullivan of Washington.

The two reports contain a complete breakdown by classes, showing risks written, premiums written, losses paid, loss ratios and average rates for each

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class. Experience by classes of companies for 1941 follows:

RESULTS FOR 1941

	Premiums	Losses	Loss Ratio	Average Rate
Board Cos.	\$7,949,352	\$2,999,353	37.7	\$0.82
Non-Board				
Stock Cos.	1,603,952	432,096	26.9	0.89
Mutuals and Reciprocal	1,902,716	558,527	29.3	1.01
All Cos.	\$11,456,020	\$3,989,976	34.8	\$0.85

For the combined three-year period from 1939 to 1941, the results were as follows.

RESULTS FOR 1939-41

	Premiums	Losses	Loss Ratio	Average Rate
Board Cos.	\$18,647,076	\$8,747,533	46.9	\$0.85
Non-Board				
Stock Cos.	3,797,779	1,494,153	39.3	0.94
Mutuals and Reciprocal	4,828,778	2,119,753	43.9	1.01
All Cos.	\$27,273,633	\$12,361,439	45.3	\$0.89

New Appointments by F.C.A.B.

Two appointments have been announced by Fire Companies Adjustment Bureau. John W. Park has been named branch superintendent of the automobile, casualty and special risk department in Los Angeles, and B. V. Riley has been placed in charge of the Yakima, Wash., branch, to succeed R. O. Stotts, resigned.

Mr. Park is a graduate of Northwestern University, and in 1929 became associated with the D. F. Broderick, Inc., general agency, Detroit, as general adjuster and vice-president. He later joined Dearborn National, holding the same positions.

In his new post, Mr. Park will be associated with Branch Manager G. L. A. Lauer.

Mr. Riley has been with the bureau for six years, before which he was in the loss department of the Cravens, Dargan & Fox general agency, San Francisco, for 12 years.

Seattle General Agencies Merge

SEATTLE—The Frisbie General Agency has been merged with Chapman-McGuinness Co. and D. C. Frisbie, head of the former agency, becomes secretary-manager of Chapman-McGuinness Co., succeeding John P. McGuinness who joined the army transport service recently as a major. The Frisbie General Agency has been general agent of Norwich Union Indemnity in Washington and Oregon.

Mr. Frisbie was at one time associated with his father, R. C. Frisbie, local agent of Baker, Ore., and before establishing his general agency was on the legal staff of Northwestern Mutual Fire and Northwest Casualty.

Protection Against Ducks

PORTLAND, ORE.—Government insurance of farmers' crops against damage by wild ducks has been made available under the AAA federal crop insur-

ance program. The action was taken to meet the problem of growing damage to grain by the fall concentration of waterfowl near federal refuges.

First King County Meet Sept. 10

SEATTLE—The King County Insurance Association will open its fall meetings Sept. 10 with a closed session for members only.

Fred G. Clarke, attorney for the standard companies in Washington, will outline a program calling on Seattle agents to cooperate in lending assistance to the war effort. W. H. Harmer, secretary-treasurer of the state association, and Irwin Mesher will report on highlights of the recent state meeting.

To Attend National Parley

Members of the California Association of Insurance Agents who will attend the convention of the National Association of Insurance Agents in Chicago are: H. H. Hendren, president; C. W. Carpenter, vice-president; Harry Perk, Jr., national councillor; Frank Colridge, executive secretary; William H. Menn, Willson Pierce, Eugene Battles, William B. Glassick, Francis L. McDowell, Harold I. Callis and Halbert Harvard.

Saari with Wicks Agency

SALT LAKE CITY—W. A. Saari has been elected treasurer of the E. B. Wicks Company and will also act as head of the insurance department. In the latter position he succeeds J. T. Brunn, who died recently. Mr. Saari was formerly with the Rogers-Evans Company, now the Rogers, Evans & Pence Company.

Big Liquor Board Line Covered

The Washington State Liquor Control Board has purchased \$3,500,000 fire insurance on stock stored at Pier 14, Seattle. Ten companies participated in the line and commission is to be distributed to representative local agents by the liquor board.

New California Reciprocal

A new reciprocal, the Fire Insurance Exchange, is being organized in California. The California department has approved this name. Maurice V. Pew, secretary Farmers Automobile Inter-insurance Exchange, Los Angeles, presented the request for approval.

Hansen & Rowland Get Century

Hansen & Rowland have been appointed general agents of Century in Washington and Oregon. It formerly was represented in Washington by McCollister & Campbell and in Oregon by R. W. Schmeer.

NEWS BRIEFS

The special need for avoiding fire losses during war will be stressed by the fire prevention committee of the

Spokane Insurance Association during Fire Prevention Week, H. C. Wegner, chairman of the committee, reported at the association's Aug. 31 luncheon.

A. S. Brown, formerly special agent for Richards & Co. in San Francisco, has opened a new agency in Spokane. He lived there before going to San Francisco five years ago.

CANADIAN

Bring Out Inexpensive Personal Property Floater

TORONTO—New regulations on the personal property floater promulgated by the Canadian Inland Underwriters Association, will go into effect Oct. 1. Full coverage will take

a minimum premium of \$35 for a three-year period.

Several Canadian non-tariff companies are bringing out a limited form personal property floater with a flat premium of \$20 for a three year period, insuring a maximum liability of \$2,000. This policy will be sold only to occupants of first and second class dwellings and apartment houses whose household goods and personal property are valued at \$2,000 or less and located in cities and towns having full fire and police protection. Insurance must equal 80 percent of the insured property.

The inexpensive form is designed to fill the need of a householder with small values who does not carry burglary.

Clooney Heads Graduates Group

J. H. Clooney, London Assurance, has been elected president of the Graduates Society of the Insurance Institute of Montreal. Vice-president is J. N. Plumb-

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ley, Prudential of England, and secretary, T. Hanson, Phoenix of Hartford.

MacDonald Goes to Calgary

F. MacDonald of the Montreal head office staff of Employers Liability has been transferred to Calgary, succeeding J. Venables as Alberta inspector.

Canadian Fire Field Shifts

Canadian Fire has appointed Donald

M. Young to succeed G. E. Henderson as inspector for Manitoba. Mr. Henderson has been transferred to the Toronto branch.

Dunlop Atlas Assistant Manager

Donald J. Dunlop has been named assistant Canadian manager of the Atlas Assurance group. For some time he has served as superintendent of agencies. He has been with Atlas 15 years.

of any interim dues. Cases that qualify for waiver of dues and are carried on the rolls by the National association without charges during the war will be continued in like manner by the New Jersey association.

Md. Women Have Busy Season

The Insurance Women of Maryland held their first fall meeting in Baltimore Tuesday. Following dinner, a report on the convention of the National Association of Insurance Women was given by the delegates.

At the Oct. 6 meeting there will be shown a motion picture on telephone technique; Oct. 20 Ross W. Coker, manager Retail Credit Company, will speak and Oct. 27 Commissioner Gontrom.

O'Brien Declines Renomination

NEWARK—Due to business pressure, William F. O'Brien, for five years secretary-treasurer of the New Jersey Association of Insurance Agents, has declined renomination for the office. He will, however, continue as editor of the association's monthly publication.

N. H. Defense Training Conference

DURHAM, N. H.—The New Hampshire fire defense training conference will meet here at the University of New

Hampshire Sept. 12-13. Speakers will be T. Alfred Fleming, conservation director National Board; A. Clifford Hudson, state fire defense coordinator, and Commissioner Rouillard.

MARINE

Lost Freighter Uninsured

The American Steel & Wire Company's freighter, Steelvondor, which sank last week in Lake Superior in a heavy sea, was, according to reports in the marine market, not insured. American Steel & Wire is a subsidiary of U. S. Steel Company, which has not been insuring its lake boats. The loss is the first Great Lakes sinking since Armistice Day, 1940.

Bailey, Kavanagh in New Posts

Charles F. Bailey, special agent in charge of fire and marine production for Hartford in East Bay area with headquarters in Oakland, has been returned to take charge of marine business in the metropolitan department in San Francisco. Walter G. Kavanagh, special agent in the San Joaquin Valley, has been transferred to Oakland.

EASTERN STATES ACTIVITIES

Philadelphia's Increase Seen for Six Months

The Philadelphia Fire Insurance Patrol report shows that premiums collected the first six months of the year aggregated \$4,942,933 as compared with \$3,903,411 for the similar period last year, an increase of 23.8 percent. The following are the company leaders:

PENNSYLVANIA STOCK

	1942	1941
Alliance	\$ 49,127	\$ 42,108
Fire Association	141,948	106,921
Franklin Fire	414,968	353,490
Girard F. & M.	49,062	46,528
Globe & Republic	17,792	21,648
Ins. Co. of N. A.	407,871	325,297
Ins. Co. State of Pa.	49,550	44,266
National Union	55,174	27,245
Pennsylvania	181,059	144,503
United Firemen's	20,363	15,152

OTHER STATE STOCK

Aetna	\$ 66,865	\$ 44,604
Automobile	45,461	38,342
Camden Fire	45,820	22,187
Continental	41,372	37,152
Fidelity-Phoenix	40,309	26,674
Firemen's	57,518	52,780
General	61,198	59,736
Glens Falls	51,863	37,491
Hartford Fire	44,372	39,063
Home, N. Y.	139,443	98,411
National Hartford	28,157	25,381
National Liberty	205,289	159,746
New Brunswick	58,888	41,567
New Hampshire	43,992	37,087
Phoenix, Conn.	60,803	34,185
Rhode Island	51,029	14,214
Travelers Fire	47,598	43,490

FOREIGN STOCK

Pearl	\$100,668	\$119,338
Royal	55,037	37,966

N. J. Committee Reports Sent to the Members

On the eve of the annual convention of the New Jersey Association of Insurance Agents at Trenton Sept. 17, the reports of the administration and of the various committees have been sent to the members in printed form. This practice has been followed in New Jersey for several years and serves to save time that would otherwise be consumed at the convention in listening to oral reports.

Alfred Christie, president, and Wil-

liam D. O'Gorman, chairman of the executive committee, in summarizing the report of the administration, urged strenuously that all members oppose passage of the bill to allow mutual companies to write burglary, fidelity and surety business in New Jersey.

The administration advocates passage of an agents and brokers qualification law in that state similar to the one in New York, which would help to eliminate indiscriminate appointment of new agents in New Jersey.

The administration, acting on a recommendation from Commissioner Agger, concerning the new fire policy that has been adopted in New York State, appointed a special committee to study the New York policy and suggest revision of the present New Jersey standard fire policy. Those appointed were C. E. Meek, Jr., Frank B. Heller and Harvey B. Nelson, Sr.

The fire prevention committee, in observing that fire prevention is largely a matter of education and regulation, recommends that every city should adopt and put into effect the provisions of the suggested fire prevention ordinance of the National Board. W. Burton Salisbury is chairman.

The principal activity of the automobile committee, Alan B. Livingston, chairman, has been to keep in touch with conditions in New York state under the new financial responsibility act. Undoubtedly, if this legislation works out in New York there will be a demand for a similar act in New Jersey. However, now the committee feels that under war conditions there will be very little pressure for compulsory insurance or any change in the present motor vehicle statutes.

Under recommendation of the educational committee, H. Donald Holmes, chairman, the production forum of the association and the University of Newark will be held in abeyance. Together with the executive committee it has been decided to hold no forums until the association can resume after the war.

A detailed report of the compensation committee was filed with the secretary of the association. William T. Ashby is chairman of this group.

The membership committee under Charles S. Burke, announced a new membership record for 1942. A total of 903 agencies are now members, a net gain of 29 for the year.

Vermont Meeting Sept. 15

The Vermont Association of Insurance Agents will hold its fall meeting at Montpelier on Sept. 15. The session will be a strictly business affair and will start with a luncheon. Special consideration will be given to legislative plans as the legislature meets again this winter. It is felt that the financial responsibility bill needs clarification and the insurance commissioner should be granted broader powers. There was some sentiment for not holding a fall meeting but the majority favored holding a business session so that officers could be elected and reports heard.

Waive Service Men's Dues

NEWARK—The executive committee of the New Jersey Association of Insurance Agents has decided that members in the armed forces will be eligible to reenter the association upon their return and take up insurance without payment

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MOTOR INSURANCE NEWS

Premiums Keep Up on Automobiles

Automobile underwriters have been rather surprised to see that the premiums are keeping up fairly well even with the tire and automobile restrictions and the rationing of gas in a number of localities. Most people are using their automobiles. They are not giving them up entirely. There are hundreds of thousands of people that are dependent on automobiles. If they were forced to lay them up the other means of transportation would be so overwhelmed that they would be swamped. Large numbers of people have moved in the country some distance from buses, interurban or railroad lines. They are dependent, therefore, on automobiles at least for part of the way in getting to their destination.

A survey was recently made of Pontiac, Mich., transportation facilities and it was found that if all private automobiles were tied up the present facilities of getting about would require a very material expansion. This would be impossible in a short time and it is a question whether the present agencies could be extended to meet the extra demands. In transporting employees to and from essential defense industries, automobiles are required and must be had. There are hundreds of different occupations whose very livelihood and future rest upon the use of automobiles, commercial or private.

It would seem that the government can work out some plan whereby there can be a classification of people and business concerns that actually need automobiles or trucks and those that are not absolutely dependent on such. There is a general feeling among the people that automobiles will not be entirely put out of commission because tires cannot be gotten or cars bought.

There is considerable financing of second-hand automobiles especially in the smaller towns and country districts. The second-hand dealers in many of the cities raised their prices to an abnormal height and are suffering the consequences. The fact is that many dealers find themselves glutted with a supply that they cannot get rid of. There is more or less activity in the automobile market outside of the cities.

There is less general automobile use because many people have voluntarily agreed to cut down on driving their cars. Fire, theft and collision losses have been reduced to some extent. Most of the losses are coming from financed cars.

Regardless of all the seemingly insurmountable difficulties in the automobile situation there are a great many intelligent people that believe that some way will be worked out so that the automo-

bile can still be kept running perhaps in restricted form.

Specialty Offices Still Holding Fort

There does not seem to be any immediate move on part of most of the automobile specialty companies to extend their wings particularly at this time owing to the automobile and tire restrictions. Some of the officials say that they do not believe that they will take any action at least until the future shows a greater necessity for entering the multiple line business than now. It may be that most of these companies in the long run will find it necessary to take on other lines in order to keep the business profitable.

Some officials take the ground that they have made a success in the automobile business and while the premiums beginning next year will decrease probably materially, yet they predict that at the close of the war there will be a tremendous boom in the automobile industry. So far these companies are holding up their business very satisfactorily this year.

Auto Fire and Collision Covers Still Being Sold

An automobile insurance man whose business is still keeping pace with last year's volume observes that agents now are realizing that they have not actually sold automobile insurance heretofore but only taken orders. Some agents are calling on new prospects with a sales talk and doing very well.

He points out that since less than half of automobiles are insured, if half of them go off the road agents still have as big a field as ever. The owners of those remaining would be most likely to buy protection.

Price, he believes, is not as important a factor in selling auto coverage as many agents have allowed it to become. Agents have offered his company risks declined by cut rate companies in which they had been placing the business because assured had passed a certain age limit. While his company does not cancel the insurance of customers who have become old, it would not undertake the risk after the cut rate company had refused to carry it further. Although these assured saved a

few dollars a year, they were left in a serious predicament at a time when they most need protection.

In comparison with the values protected, the automobile premium is a very small item. Suppose a young man 21 years old bought a \$1,000 automobile, paying down two-thirds, or \$667. That amount would buy fire, theft, collision and comprehensive at tariff rates until he is 50 years old.

One agent went out recently on a systematic canvassing plan and sold 60 new policies. He told assured: "You can't afford to assume the risk yourself. You cannot replace this value until after the war. If you do have a loss, you can take the insurance money, buy war bonds, and after the war put that saving in a new car." This argument proved very effective.

British Motor Rates

The Eagle Star announced a reduction of 20 percent in premium rates for private automobiles in England effective July 1 when the basic petrol ration was withdrawn. The announcement is in line with the earlier one by tariff offices, by Lloyds Motor Underwriters Association and by the General Accident. The London "Review" states that motorists have expressed some apprehension that on renewing policies after the war, for other than the fire and theft parts which will presumably be retained during the laying up period, they would be deprived of their no-claim bonus.

Convention Dates

Sept. 14-15, International Claim Association, Chicago, Edgewater Beach Hotel.

Sept. 14-15, Insurance Advertising Conference, New York City, Hotel Roosevelt.

Sept. 15, Vermont agents, Montpelier.

Sept. 14-15, Montana local agents, Billings, Northern Hotel.

Sept. 15, Pennsylvania agents, limited meeting, Harrisburg, Penn Harris Hotel.

Sept. 16-17, Iowa Association of Insurance Agents, Council Bluffs, Chieftain hotel.

Sept. 17, New Jersey agents, Trenton, Stacy-Trent Hotel.

Sept. 17-18, Wisconsin Association of Insurance Agents, Milwaukee, Hotel Schroeder.

Sept. 18-19, Wyoming local agents, Thermopolis, Carter Hotel.

Sept. 21-24, National Association of Insurance Agents, Chicago, Palmer House.

Sept. 22, Illinois Agents, business meeting, Chicago, Palmer House.

Oct. 2-3, Colorado Agents, Denver.

Oct. 7-9, Kansas Agents, Wichita, Broadview Hotel.

Elected Manager



PAUL L. HARDESTY

Paul L. Hardesty, formerly assistant manager of the U. S. Chamber of Commerce, who has been chosen manager, has had a splendid training for the job. He has already demonstrated his ability as an executive and much is being expected from his division.

Oct. 12-14, National Association of Mutual Insurance Agents, New York City, New Yorker Hotel.

Oct. 15-16, Tennessee agents, Nashville.

Oct. 19-21, Ohio Agents, Columbus, Neil House.

Oct. 20-21, Massachusetts Agents, Worcester, Hotel Bancroft.

Oct. 22-23, Ontario Fire & Casualty Agents, Toronto, Royal York Hotel.

Oct. 21, Maine agents, Augusta.

Oct. 27-29, National Safety Congress, Chicago, Sherman Hotel.

Oct. 27-28, Indiana Agents Annual Meeting, Indianapolis, Claypool Hotel.

Oct. 30, Maryland agents, Baltimore.

Nov. 9-11, California Agents, Long Beach, Hilton Hotel.

Polly Hegler, youngest daughter of Mr. and Mrs. Melville F. Hegler of Chicago was married recently to Sergeant Arthur E. Welch, Jr., of Eagle Springs Lake, Wis., now stationed in the meteorological school at the Rantoul Air Base. Mr. Hegler is connected with the Western Factory.

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—Paul E. Rudd, State Agent, Milwaukee, Wisc.

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If you are an employer, be everlastingly busy with the prevention of accidents. If you are an employee, be everlastingly busy with the prevention of accidents.

10 ways to prevent losses caused by Carelessness

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6. Do not use machinery if you are not qualified to use it.
7. Do not use machinery if you are not properly instructed.
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Join the Crusade against Carelessness!

There's no such thing as a free lunch. You and your fellow workers are the backbone of our production—what are destroying them and productivity? Carelessness and sloppiness. They cost us \$2,000,000,000 a year in lost production.

It is this loss, every one of us, that is the enemy of victory. It is this loss that is the enemy of our country. It is this loss that is the enemy of our people. It is this loss that is the enemy of our future.

Do you know - do you care?

Carelessness is the enemy of victory. It is the enemy of our country. It is the enemy of our people. It is the enemy of our future.

Do you know - do you care?

Carelessness is the enemy of victory. It is the enemy of our country. It is the enemy of our people. It is the enemy of our future.

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It's time to clamp down on loose talk!



This Actual Case shows how Rumors delay vital work

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Do you know - do you care?

Carelessness is the enemy of victory. It is the enemy of our country. It is the enemy of our people. It is the enemy of our future.

Do you know - do you care?

Carelessness is the enemy of victory. It is the enemy of our country. It is the enemy of our people. It is the enemy of our future.

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Not Bombs...not Sabotage...just plain Carelessness!



One of America's dangerous enemies is Carelessness.

Carelessness is the enemy of victory. It is the enemy of our country. It is the enemy of our people. It is the enemy of our future.

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